Austria	Sch24	Indonesia	Rp3100	Philippines	Pso45
Bahrain	Din0.700	Iran	Ris210	Portugal	Esc150
Belgium	BFr38	Israel	Shk3.50	Qatar	QR9.00
Cyprus	C£0.90	Italy	L2000	S.Arabia	SR7.00
Denmark	DKr12.00	Jordan	Fils1000	Singapore	S$4.10
Egypt	£2.25	Kuwait	Fils.500	Spain	Pta165
Finland	FM8.50	Lebanon	L£400.00	Sweden	SKr12
France	FFr7.50	Lux	LFr55	Switz	SFr2.80
Germany	DM2.60	Malaysia	M$4.25	Thailand	Bt50
Greece	Dr150	Morocco	Dh8.00	Tunisia	Din1.000
Hong Kong	HK$12	Neth	Fl3.25	Turkey	L1400
Hungary	Ft187	Nigeria	Naira10	UAE	Dh7.00
Iceland	IKr165	Norway	NKr12.00		
India	Rs15	Oman	OR1		

EUROPE'S BUSINESS NEWSPAPER

FINANCIAL TIMES

FT No. 31,148

Tuesday May 15 1990

D 8523A

GERMAN UNITY
The Soviet Union springs a trap
Page 23

World News

Experts warn of E German nuclear plant disaster risk

East Germany's main nuclear power station is so dangerous it should be closed immediately to avoid a Chernobyl-like disaster, according to a group of environmental experts.

The group condemned security systems and other equipment in four reactor blocks at Greifswald power plant as totally inadequate. Page 3

Philippines riots

Riot police fought hundreds of left-wing demonstrators protesting against the US military presence in the Philippines as the two countries opened talks in Manila on the future of America's largest overseas bases. Page 4

Invasion blocked

Jordanian security forces dispersed thousands of pro-Palestinian demonstrators with tear gas to stop them trying to cross the Jordan River into the Israeli-occupied West Bank. Page 4

London bomb blast

A bomb exploded outside a British army education building in London, wounding seven civilians. Page 10

US-Iran deal signed

The US and Iran have signed a $105m agreement to settle some 2,750 US financial claims arising from the Iranian revolution. Page 4

Oil flow paralysed

Colombian leftist rebels blew up part of the country's main oil pipeline, paralysing the transport of crude oil.

Universities reopen

Israel said it would start reopening Arab universities in the occupied West Bank and Gaza Strip, closed by the army for almost the entire 29 months of the Palestinian uprising.

Gulf exchange

The Iraqi Foreign Minister Tareq Aziz said Iran had officially answered a letter from the Iraqi government calling for face-to-face talks between the two countries' leaders.

Legal action threat

Iraq threatened legal action against Italy, Greece and Turkey for seizing steel components alleged to be part of a "super-gun."

Speculator freed

A Brazilian judge has freed speculator Naji Nahas who was placed under house arrest after sparking a crisis in Brazil's stock exchanges last year.

Defection denied

Diplomats in Hong Kong confirmed that Xu Jiatun, Peking's de facto ambassador to Hong Kong for seven years until last January, was in the US, but denied press speculation that he might be planning to defect. Page 4

Pirate attack

Pirates attacked a boat carrying 85 Vietnamese off the Malaysian coast, killing many of those on board, abducting 18 women and leaving the rest to drown. There was only one known survivor.

Aviation deaths

More than 2,000 people died in 70 air crashes in China last years, making it the country's worst year for aviation deaths.

More graves daubed

Vandals in the Swedish city of Lund daubed red paint on gravestones marking graves of refugees from Nazi concentration camps. French grave vandals, Page 3

Ethiopian food fear

A senior UN official expressed concern over a critical drop in Ethiopian food stocks.

Strikers warned

The Nicaraguan Government told striking state workers they had 24 hours to return to work or be fired.

Business Summary

Mitsubishi seeks joint venture in west Europe

Mitsubishi Motors, the Japanese car and truck maker, is negotiating with Chrysler of the US as well as with Volvo of Sweden and Daimler-Benz of West Germany on the setting up of a car production joint venture in western Europe. Page 25

SWISS Bank Corporation, Switzerland's second largest banking group, has bought registered shares giving it 48.7 per cent of Unigestion, Geneva-based finance company. which controls Banca della Svizzera Italiana (BSI), Switzerland's sixth largest commercial bank. Page 25

BRITAIN'S Securities and Investment Board has won a court battle to stop unauthorised investment companies seeking business in the UK while operating outside the country.
Page 24

JAPAN is preparing plans to raise public investment by about 50 per cent over the next 10 years compared with the last 10 in order to meet US criticisms of Japanese economic policy. Page 24

COMPAGNIE Générale des Eaux, France's largest water and public services company, is to take a $100m stake in Air and Water Technologies Corporation (AWT), a New Jersey-based specialist in water resource management, air pollution control and the disposal of waste products. Page 25

STATE Bank of South Australia plans to become the fifth largest banking group in New Zealand by absorbing the country's United Building Society. Page 27

BELGIUM is appealing to the International Monetary Fund (IMF) to use its influence to curb "beggar my neighbour" taxation policies, especially where they relate to income on capital. Page 2

SHELL, Anglo-Dutch oil company, ~~has linked with~~ five corporations in mainland China in a plan for a $2.5bn-$3bn oil refinery and petrochemical plant at Huizhou, Guangdong. Page 6

JACOBS Suchard USA, American subsidiary of the Swiss confectionery and coffee company, has failed in its attempt to win Foreign Trade Zone status. Page 27

CHIEF executives of some of the largest US computer companies have issued proposals for changes in anti-dumping laws and measures to increase market access for US products in foreign markets. Page 6

TRUMP Shuttle, US airline, is still more than 18 months away from turning in a net profit. Page 27

VENEZUELA reported that direct, registered foreign investment in the country stood at an estimated $2.4bn at the end of 1989 – a rise of 14 per cent over 1988. Page 6

FORD UK, subsidiary of the US car manufacturer, suffered a 28 per cent fall in pre-tax profits last year to $806.61m from a record $1.12bn a year earlier. Page 12

TAIWAN may soon gain its first new Japanese bank outlet for nearly 20 years in spite of resistance by the authorities in Tokyo, which are wary of disrupting Japan's relationship with China. Page 27

AIR Liquide, leading industrial gases group, is to invest $28.77m in a new liquid hydrogen unit in French Guyana to power the Ariane 4 and 5 rockets produced by the European joint venture Arianespace. Page 26

CREDIT LYONNAIS Belgium, subsidiary of the leading French banking group, made an aggressive pitch for a slice of the Belgian savings market with the launch of two new investment products. Page 29

Bonn may fund unity costs with D-Mark bond issues

By David Marsh in Bonn

THE West German Government is considering special D-Mark bond issues directed at international investors, especially the Japanese, to help meet the costs of financing German unification.

The bonds would be issued with a full government guarantee by the German Unity Fund, a financing vehicle to be set up by Bonn and the state governments to channel long-term investment into rebuilding the East German economy.

The Bonn Government is still only at a very early stage of pondering the question of special foreign borrowing. Such direct recourse to foreign markets would be highly controversial because it might add to investors' and taxpayers' fears about the cost of German unity. It could also spark worries in the US and other debtor countries about intensified competition for limited Japanese funds.

Although no decision has been taken, a senior Bonn official said yesterday that Japanese investors were one of the possible targets for future borrowing by the unity fund.

The unity fund will lower the strain on central government resources stemming from Bonn's plan to take over responsibility for the East German budget after German monetary and economic union on July 2. Bonn sees the prime advantage of a separate unity financing mechanism as providing a different type of debt instrument for the capital markets in coming years.

The fund is also due to tap savings both in Germany and abroad by privatising large parts of East Germany's state-owned industry.

Pointing out the size of recent Japanese investment in West German securities, the official said yesterday that Japanese security houses were likely to be interested in future unity fund issues.

According to Bundesbank figures, Japan purchased a net total of more than DM13bn ($7.8bn) of West German shares and fixed interest securities in 1988 and 1989, above all government and local authority bonds. Japanese buying interest, however, has fallen lately as a result of the weakness of the yen and the Japanese financial markets.

The Bonn official stressed yesterday that West Germany was looking only at issuing D-Mark denominated securities. Bonds in foreign currencies would not be necessary.

The last time that West Germany moved directly to tap the international capital markets was in the early 1980s. Then, Bonn issued large amounts of bond issues to Saudi Arabia and other international monetary authorities to finance a temporary move into current account deficit.

The position then, however, contrasted completely with West Germany's present large current account surplus, totalling DM104bn last year, which enabled the Federal Republic by the end of the 1980s to assemble net foreign assets of about DM500bn.

In view of West Germany's status in recent years as a large exporter of capital, any renewed bid to enter directly the foreign markets would be certain to raise eyebrows abroad. However, as a result of the challenge of financing East Germany's move to a market economy, the D-Mark bond markets are steeling themselves for increased Bonn borrowing in coming years.

Estimates in Bonn that Germany's overall central government budget deficit next year could surpass DM100bn were one factor driving down West German bond prices yesterday.

Victories for the opposition Social Democrats in key state elections on Sunday – greatly complicating Bonn's fiscal policy-making – were another reason behind worsened sentiment.

Reversing a prices rally last week, yields on 10-year government issues have increased again to 8.57 per cent, more than 1 percentage point above levels at the start of the year, after reaching as high as 9 per cent in past weeks.

The exact size of Bonn government borrowing after the July 2 currency union depends on fiscal measures still to be negotiated with East Germany, as well as agreement with the West German Länder (states) on sharing out extra funding burdens.

The East Berlin Government has pledged to make a start on selling state assets as a key feature of the state treaty on monetary union being finalised this week between the East and West German Governments. The buildings and property of the secret police alone have been valued by the East Berlin Government at more than 60bn East German Marks.

Mr Theo Waigel, the West German Finance Minister, yesterday held talks on the state treaty in East Berlin with Mr Walter Romberg, his East German opposite number. Mr Waigel repeated before the meeting Bonn's refusal to go beyond its previous commitments to finance East German social security insurance in the coming economic and currency union.

Wave of refugees, Page 2; Lex, Page 24; Voters air their misgivings, Page 24

Van der Klugt: steps down in July

Philips prepares crisis plan as chairman quits

By Laura Raun in Amsterdam

PHILIPS, the Dutch electronics group, is to unveil a package of strong measures aimed at restoring investor confidence and profitability.

This emerged yesterday as the company announced that Mr Cor van der Klugt, 65, executive chairman of Philips, would step down on July 1 – a year early. He will be replaced by Mr Jan Timmer, already his designated successor, who is at present head of consumer electronics for the company.

Mr Gert Lorenz, head of the information systems division, one of Philips' problem areas, will also step down on July 1. The changes were announced yesterday at a hastily arranged news conference by Mr Wisse Dekker, chairman of the company's supervisory board.

The tense atmosphere at the company was evident when Mr Dekker appeared alone at the press conference, without any members of management. Mr Dekker referred to a "crisis of confidence" at the company.

The stock market reacted favourably to the news of Mr Timmer's early appointment. Philips' shares closed 6 per cent higher at Fl 33.40 after a steady drop in recent weeks.

The management reshuffle, including a possible cut in the number of board members, will be presented to shareholders at an extraordinary meeting some time around July 1. Mr Dekker refused to give any details of intended "drastic measures" and cautioned that they might not be ready by the time of the extraordinary meeting.

"We won't win confidence in the financial markets by announcing a series of measures within one week," he said. "We must restore confidence as soon as possible but not through panic."

The boardroom crisis was sparked by the company's disclosure on May 3 that first-quarter earnings, excluding extraordinary gains, plunged to Fl 6m ($3.3m) from Fl 223m a year earlier. Only three weeks earlier, Mr van der Klugt had told shareholders that the company was on track to achieve its expected 1990 earnings.

Mr Dekker also refused to comment futher on this year's earnings outlook. "I was shocked by the bad profits this past quarter," he said. "But I was more shocked that expectations were generated and not lived up to. That big gap is the source of the crisis of confidence."

Mr Timmer is already putting his stamp on the management board. Mr Ype Bouwkamp, now head of the lighting division, will be promoted to the job of vice president on July 1, a year earlier than planned. Mr Bouwkamp is considered just as tough a manager as Mr Timmer; his promotion comes apparently at Mr Timmer's urging.

Union leaders yesterday expressed fears of fresh layoffs at Philips, following years of streamlining. The new reorganisation measures are expected to go beyond personnel cuts and factory closures, to address the fundamental problems of the computer and integrated circuits divisions.

Buoyant demand fuels inflation fears, Page 10; Lex, Page 24

Gorbachev attacks secession moves

By Quentin Peel in Moscow and Christopher Bobinski in Riga

PRESIDENT Mikhail Gorbachev yesterday officially condemned the secession moves of both Estonia and Latvia, leaving himself in open confrontation with all three rebellious Baltic republics, including Lithuania.

In two presidential decrees read out on Soviet television last night, Mr Gorbachev declared that both republics had violated the Soviet constitution, as well as a new law on secession, in declaring their determination to quit the union.

In a move which provides Soviet legal backing for Russian immigrants in the Baltic republics to defy their local governments, he declared that the Latvian and Estonian actions had "no juridical force from the moment of adoption."

His decree on Estonia, in particular, declared that "any action of state bodies and officers, as well as private persons," based on the Estonian restoration of its former independent constitution, was illegal.

At the same time, however, his most powerful political challenger, Mr Boris Yeltsin, condemned Mr Gorbachev's economic blockade against Lithuania, and called on the Soviet President to open negotiations with the Lithuanian Government.

"You cannot announce a blockade of your own nation," Mr Yeltsin told a meeting in Moscow. He threw down an open challenge to the Soviet leader, insisting that he will stand for election as president of the Russian federation parliament tomorrow, and, if elected, seek to conclude direct treaties with all other republics – the Baltics first.

Mr Gorbachev's warning came as up to 200 Soviet army officers mounted a demonstration against Latvian independence and tried to enter the Baltic state's parliament as they called on the republic to rescind its independence declaration.

Police and independence supporters clashed briefly with the demonstrators who had tried to take an anti-independence petition into the parliament. No one was hurt.

The protest, led by an unofficial committee of senior military figures, ended when Mr Anatolij Gorbunovs, the republic's president, agreed to receive a petition from the soldiers.

One soldier said: "Our superiors are not doing enough to reverse what is happening here so we have come to defend the Soviet Union which we have solemnly sworn to do."

The view among Latvian activists, however, was that the military demonstrators enjoyed the discreet support of their commanders in Riga, the headquarters of the Soviet Union's entire Baltic military district.

The military demonstration came as a Latvian Government delegation prepared to travel to Moscow for talks today with the Soviet authorities on Latvia's independence declaration, made two weeks ago.

After the demonstration a military helicopter circled Riga, the Latvian capital, dropping leaflets signed by a pro-Moscow Russian organisation and urging opponents of independence to march on the parliament building today.

The republic's ethnic Russians, who comprise almost 1m of Latvia's 2.7m population, also called a strike for today in protest at the independence drive.

In the face of anti-independence protests, however, Mr Ivars Godamis, the new Lat-

Yeltsin challenge, Page 2
Continued on Page 24

US shares reach record high, London and Tokyo up strongly

By Karen Zagor in New York and Andrew Marshall in London

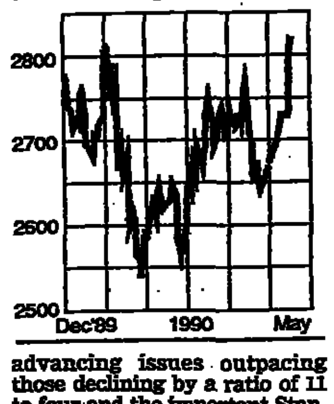
US SHARE PRICES hit a new record high yesterday, as equities also recorded strong rises in London and Tokyo.

The Dow Jones Industrial Average closed at 2,821.53, up 19.95 after being 38.00 points up at mid-session. Its previous record high came on January 2, when the index closed at 2,810.15.

The US stock market rally was spurred by belief that interest rates had peaked and that the US Federal Reserve would not be pressed into tightening monetary policy. This prompted institutional investors to put their assets into stocks and reduce their cash positions. Wall Street soared yesterday morning in very active trading as the momentum from Friday's rally, which sent the Dow Jones Industrial Average up more than 63 points on Friday, carried through into a second day of trading.

Stock prices overcame an early round of profit-taking on the back of Friday's strong gain. Although the gain in US stocks was broadly based, with advancing issues outpacing those declining by a ratio of 11 to four and the important Standard & Poor's 500 index adding 4.74 points to 356.74, analysts were not convinced that the market will be able to hold on to its recent gains.

Dow Jones
Industrial Average



The Dow had been oscillating between about 2,540 and 2,810 for about six months, and many analysts had expected stock prices to decline until Friday's economic news, which showed that wholesale inflation in April had fallen by 0.3 per cent instead of rising 0.2 per cent as expected.

News of unexpected strength in the economy could equally dampen the market's gains, some analysts said.

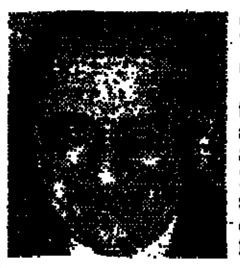
The US stock market was also encouraged yesterday by a surge in stock prices in Tokyo. This was triggered by the yen's recovery against the dollar and lower interest rates in the bond market. In Tokyo, the key 225-share Nikkei index closed up 530.51 points or 1.68 per cent to 32,042.65 after surging on 531.88 on Friday, boosted by Wall Street's rise and the dollar's weakness. It was the first time the Nikkei had closed above the 32,000-point level in two months.

The combined strength of Tokyo and New York helped London's equity market to overcome gloomy economic news. The FT-SE 100 index jumped 38.6 points to close 1.8 per cent higher at 2,214.5, its largest daily gain since last

Continued on Page 24
Markets, Section II

CONTENTS

Communism in Romania is dead but the communists are not



Opponents of Romania's interim President Ion Iliescu (left) want to ban all former communist activists from next Sunday's elections. But supporters say some of them are talented and needed. Page 3

MARKETS

STERLING
New York close
$1.6825 (1.6790)
London:
$1.6815 (1.6815)
DM2.7650 (2.7425)
FFr9.3200 (9.2700)
SFr2.3475 (2.3450)
Y256.75 (258.75)
£ Index 87.5 (87.1)

GOLD
New York: Comex Jun
$369.9 (370.5)
London:
$369.00 (369.00)

N SEA OIL (Argus)
Brent 15-day Jul
$18.00 (17.285)

Chief price changes yesterday: Page 25

DOLLAR
New York close
DM1.6435 (1.6375)
FFr5.5370 (5.5295)
SFr1.3920 (1.3995)
Y152.425 (152.65)
London:
DM1.6445 (1.6305)
FFr5.5425 (5.6125)
SFr1.3955 (1.3950)
Y152.75 (152.65)
$ index 67.0 (66.8)
Tokyo close: 153.35

US closing rates
Fed Funds $8\frac{1}{4}$% ($8\frac{3}{16}$)
3-mo Treasury Bills:
yield: 7.871% (7.86)
Long Bond:
101[illegible] (98)
yield: 8.584% (8.67)

STOCK INDICES
FT-SE 100:
2,214.5 (+38.6)
FT Ordinary:
1,733.5 (+24.7)
FT-A All-Share:
1,090.89 (+1.5%)
New York close
DJ Ind. Av.
2,821.53 (+19.95)
S&P Comp
354.75 (+2.75)
Tokyo: Nikkei
32,042.65 (+530.51)

LONDON MONEY
3-month Interbank:
closing $15\frac{5}{32}$ ($15\frac{3}{16}$)
Liffe long gilt future:
Jun 81[illegible] (81[illegible])

Belgium pleads with IMF over tax competition

By Tim Dickson in Brussels

THE Belgian Government is appealing to the International Monetary Fund (IMF) to use its influence to curb "beggar my neighbour" taxation policies, especially where they relate to income on capital.

Mr Philippe Maystadt, the Belgian Finance Minister, has asked the IMF to suggest appropriate methods of tax co-ordination, "or at least limits on tax competition in the form of minimum taxation standards."

His initiative demonstrates the deep anxieties felt in small open economies like Belgium about full liberalisation of capital flows inside the European Community, starting in July, and the continuing determination of certain member states to harmonise EC tax systems.

"Belgium faces a difficult budgetary situation stemming mostly from the very high level of its public debt," writes Mr Maystadt, in a letter to Mr Michel Camdessus, managing director of the IMF. The country "is becoming increasingly vulnerable to tax competition from its neighbours, not only with respect to the taxation of capital income, but also with respect to the indirect taxation [excise and value added taxes] of easily transportable consumer goods."

Although Mr Maystadt does not mention it, Luxembourg's lack of a withholding tax on interest and dividends paid to non-residents – as well as its prized banking secrecy – is a powerful magnet for Belgian funds. Indeed it was probably the most important reason why Mr Maystadt this year cut the rate of withholding tax on interest from government bonds from 25 to 10 per cent.

Mr Maystadt's underlying message to Mr Camdessus is that the problem is international. Efforts to harmonise EC taxes have met with limited success, he suggests, partly because "today's worldwide mobility of capital has made some EC countries reluctant to agree on minimum standards for capital income taxation to which non-EC countries would not conform."

He cites a recent IMF paper which concludes that the world economy will not reap the full benefits of the liberalisation of international markets until divergences in tax treatment which interfere with the efficient allocation of capital are removed. The paper suggests that just as countries find it necessary to co-ordinate trade policies under the General Agreement on Tariffs and Trade, they may also have to lay down additional rules of conduct for capital income taxation through a multilateral convention.

E Germany draws wave of refugees

EAST EUROPEANS pursuing western prosperity are flooding East Germany at a rate of 500 a day, burdening a nation still reeling from the flight of its own citizens, officials said yesterday, AP reports from East Berlin.

East Germans cut off from the world by four decades of Stalinist rule are now finding the world rushing to them. Tens of thousands of refugees have arrived in recent weeks to seek work in a land of rising joblessness, the officials said.

"If quick regulations for the integration of foreigners are not created, the problem will become a social powderkeg," said Mr Joachim Krabs, an East Berlin social services official.

East Berlin and East German officials held a news conference yesterday to report on what they said has been a deluge of impoverished foreigners lured to East Germany because of its imminent economic unification with the West. About 18,000 East Europeans, most of them Romanians and Bulgarians, have entered the country since late April, the officials said.

About 20,000 Poles also have applied for citizenship in recent weeks, and several thousand Italians have entered the country, they said. About 650 East Europeans arrived on Monday morning alone at the train station in the East Berlin district of Lichtenberg.

"We no longer know how we can control this enormous influx," said Mr Gerhard Kielmann, a Foreign Ministry official. "Most of them are fleeing their poor economic situation in their homeland."

Lichtenberg has become a way station for East Europeans entering the country on tourist visas. Hundreds wander the area with their belongings, children beg for money and scores of families often sleep in the station. Mr Krabs said about 600 Romanians and other East Europeans live in the train station.

About 1,100 other East Europeans, most of them Romanians and some Bulgarians, have been housed for the last week at an army barracks on a base on the outskirts of Berlin. Another 300 are housed in another building. An estimated 15,000 have crossed the border and were believed heading for East Berlin.

The officials claimed that about 80 per cent of the newcomers from Eastern Europe were gypsies. The number of refugees is now averaging about 500 a day.

East Germany's sudden attraction is, in a way, a result of the mass flight of 500,000 East Germans to West Germany in the past year. Many were fleeing the former Communist Government that was toppled in October, but the exodus continued after the country's borders were opened in November. However, widespread unemployment is expected as scores of factories are closed down when they are forced to compete in a free market after unity.

Unemployment already has begun rising as East German consumers get more access to better-quality Western goods.

The tensions over joblessness have led to widespread clashes between foreigners and East Germans in factories and on the streets in recent weeks.

A huge mêlée broke out in Lichtenberg a week ago when gangs of foreigners and young East Germans squared up outside a discotheque.

East Germany is home to tens of thousands of Vietnamese, Cubans and Mozambicans brought in by the former government to fill menial jobs but has no system for dealing with asylum seekers. A government working group has been trying to arrange lodging and other aid for foreigners.

Yeltsin to launch bid from Russia

By Quentin Peel in Moscow

MR BORIS YELTSIN, the most popular political challenger to President Mikhail Gorbachev in the Soviet Union, yesterday announced plans to use the Russian federation as a base for a direct assault on the central government.

At a mass meeting in Moscow two days before he will present himself as candidate for president of the newly-elected Russian parliament, Mr Yeltsin spelt out plans to conclude direct republic-to-republic treaties – starting with the Baltic states – and international treaties, cutting across Moscow's authority.

He demanded the right for Russia – by far the largest constituent part of the USSR, with 146m inhabitants – to draft an independent constitution, independent tax laws, and international trade deals.

He also called for the resignation of the Soviet government, headed by Mr Nikolai Ryzhkov, because of the failure of its economic reforms introduced only four months ago.

And he accused Mr Gorbachev of attempting to rig the Russian presidential election, using his office to urge deputies to vote against Mr Yeltsin, and preventing the broadcast of a TV interview putting the challenger's viewpoint.

The official Communist Party candidate for the Russian presidency is Mr Alexander Vlasov, currently the prime minister of the federation, and a Gorbachev ally.

Future of Warsaw Pact 'in the balance'

THE Soviet-led Warsaw Pact appears to be breaking up and its future could be decided at a meeting next month, East Germany's defence minister said yesterday, AP reports from East Berlin.

Mr Rainer Eppelmann, East German Disarmament and Defence Minister, made some of the most pointed comments to date from within the seven-nation Warsaw Pact. "It now appears as though the Warsaw Pact is in the process of dissolving itself," he said in remarks carried by East Germany's government-run news agency, ADN.

"Whether it has a military-political future depends on the meeting of the disarmament and defence ministers on June 7." He did not specify where the meeting would be held.

The East German minister added that it would be necessary to hold the Warsaw Pact together as a "political alliance at least for an interim period."

Mr Eppelmann said he told his Soviet hosts during a recent visit to Moscow that a "German republic" could not belong to the Warsaw Pact.

"The Hungarians have signalled that they want to leave the [Warsaw] pact, the Czechs want to let it stagnate, and with the Poles, it's not clear," he said.

Moscow officials have already proposed the break-up of the opposing military alliances, Nato and the Warsaw Pact, but those proposals have been met with scepticism in Washington.

The question of military alliances and allegiances is one of the central points in the German unification talks.

Moscow says a united Germany cannot remain in Nato while the US, West Germany and their allies insist on such a membership.

West German Foreign Minister Hans-Dietrich Genscher has offered to let Soviet troops stay in what is now East Germany for a limited time during the unification process.

E Germans angry at property deals

By Leslie Colitt in East Berlin

FORMER senior East German Communist officials are angering the local populace by buying property at bargain prices in a swift adaptation to the era of private enterprise.

Mr Egon Krenz, who briefly held power last autumn, offered 252,000 East German Marks for the two-storey villa he occupies on Majakowskiring, in East Berlin's Pankow district. The immaculate white building is one of 140 homes in the neighbourhood and more than 1,000 in East Berlin "owned" by the Government's Supply Agency.

Paradoxically, the sale of real estate to westerners has been a hurdle in the negotiations for a state treaty on monetary and economic union between East and West Germany. Bonn wants westerners to be able to buy and sell property freely, but many East Germans are afraid of a sell-out to property speculators.

Irate citizens in Pankow have demonstrated repeatedly to prevent the Supply Agency from selling its properties cheaply to their occupants. The Agency was set up by the former Communist regime to house its senior officials, including those of the hated and now dissolved Stasi security police. Seventeen of the Government's homes in Pankow are still occupied by ex-Stasi officers.

Mr Paul Kienberg, the former head of the Stasi department which supressed the opposition, is one of a number of top officials who landed on their feet after the old regime was overthrown. Last November, he bought a comfortable house outside East Berlin for 16,500 Marks from the Supply Agency. The price, calculated on the basis of pre-war property values, was less than a sixteenth of the house's current market value.

The Party of Democratic Socialism (PDS), the successor to the Communist Party, has itself taken to offering nationalised property under its control to well-heeled western companies.

A sprawling building in a prime East Berlin location, which previously housed a central committee institute, is being rented by a PDS subsidiary called Fundament to western companies seeking scarce office space.

EC deadlock on car insurance

By Lucy Kellaway in Brussels

EC INDUSTRY ministers yesterday failed to agree on measures that would open up the market for car insurance in Europe, with Britain and West Germany at loggerheads over the speed at which liberalisation should take place.

The Commission's proposal, which would allow insurance companies to sell "large risk" motor insurance anywhere in the Community on a single licence, is an important part of its plans for creating one European market in insurance. The failure comes barely a month after London and Bonn signed an agreement that was supposed to signal a new spirit of co-operation on insurance and financial matters.

Mr John Redwood, the UK's junior Industry Minister, expressed disappointment at the lack of progress, and accused West Germany and Belgium, which he said were the chief foot-draggers, of hypocrisy in urging political union of Europe at the same time as blocking essential single market rules.

The dispute centres on the date at which insurance companies selling "large risk" car insurance in other member states would be able apply to this business their own "technical reserves." The reserves cover the amount of business that can be done with a given amount of capital, while "large risk" refers to large companies as opposed to individuals.

Britain wants the system operational as soon as possible. West Germany and Belgium would rather wait until the Commission's directive for liberalising all non-life insurance buiness has come into effect. This might not be until the middle of 1994 or later.

Wider aim in 'super-gun' probe

By John Wyles in Rome

THE state prosecutor investigating the possible involvement of Italian companies in manufacturing parts for Iraq's "super-gun" said yesterday he might inquire into the role of foreign technicians associated with the placing of contracts in Italy.

The international dimensions to the affair would have to be investigated and this could include "foreign citizens of various nationalities," said Mr Adriano Rosellini.

He revealed that one Italian national had been questioned on suspicion of arms trafficking. He declined to reveal his identity but other sources say he is not a member of the state-owned Societa delle Fucine steelworks in Terni, where most of the seized parts were made.

Mr Rosellini said all of the 90 tonnes of steel products sequestered at the end of last week at the port of Naples and in Brescia would be brought back to Terni for a technical evaluation.

Terni, where Mr Rosellini is based as a prosecutor, has been identified as the main source of the components whose destination is thought to have been the breech for a giant gun which Baghdad has allegedly been assembling. Societa delle Fucine is a special steels forging subsidiary of Ilva, the Italian state steel company.

A spokesman for Ilva said yesterday that the company had received one order for 15 pieces from the Iraqi State Electrical Industries and a second for 20 pieces from the Industry Ministry. A batch of 10 pieces for the first order had been delivered; it was the consignment of 10 for the second order which had been seized.

EUROPEAN NEWS

Grave vandals concentrate French minds on race issues

By William Dawkins in Paris

THE DESECRATION of a Jewish cemetery in southern France has forced the country's centre-right opposition to consider lifting its boycott of a government plan for all-party talks on racism.

The attack, by unknown vandals against 34 graves at Carpentras, one of France's oldest Jewish cemeteries, was followed on Sunday night by another, against 32 tombs in the northern Paris suburb of Clichy-sous-Bois. This has given an enormous push to the internal debate on racial intolerance and embarrassed the extreme right-wing National Front at a time when it was beginning to build bridges with the respectable right.

France's main political parties were showing signs yesterday of being shocked into trying to sink the differences which have so far prevented a solution to the country's racial problems. No-one is yet sure whether the attacks are an isolated barbarity or a symptom of a wide problem.

All the main parties except the Front were due to take part in a silent protest march, organised by the Jewish community, through central Paris yesterday evening, in the wake of similar parades through six big cities over the weekend.

Some Gaullist leaders and most of the rest of the moderate right said they would co-operate with Mr Michel Rocard, the Socialist Prime Minister, in a private conference on racism tomorrow.

This follows last week's adoption of an anti-racist law, proposed by the Communists and supported by the Socialist administration, but opposed by the Gaullists for failing to tackle the source of the problem as well as stifling press freedom. It ensures that those inciting racial hatred can be fined, imprisoned or refused political and public service jobs. It is the latest in a series of barely successful anti-racist measures.

While anti-Semitism is latent in the extreme right, the big source of any wider racial discontent comes from the growing number of immigrants from southern Europe and former North African colonies.

Despite the fact that new legal immigration was stopped in 1974, the Interior Ministry estimates that the immigrant population has doubled to 4.5m over the past 15 years, of which Portuguese, Moroccans and Algerians form the biggest part. This source of cheap labour has provoked resentment from a working class already suffering from stubbornly high unemployment.

This, plus infighting within the mainstream centre parties, has contributed to the popularity of Mr Jean Marie Le Pen, Front leader, who attracts around 13 per cent of the vote in national opinion polls and much more than that in some districts. Several senior politicians yesterday blamed him for contributing to the latest problem, an allegation dismissed by Mr Le Pen as an attempt to discredit him. He nevertheless accepted the Government's offer of an armed guard, after an unknown gunman fired five shots at the home of a local Front politician in southern France.

In Romania communism is dead, but not the communists

The spectre of past involvement stalks an election marked by deep suspicion, writes Judy Dempsey

BY THE end of this week, the strains of the song Don't Worry, Be Happy!, which has repeatedly echoed across University Square in the centre of Bucharest, will no longer be heard.

By law, all demonstrations and gatherings are banned two days before the elections which take place on Sunday. For the first time in 45 years, Romanians will be able to vote freely for a constituent assembly.

The song, which is peppered with sharp and witty criticism of Mr Ion Iliescu, Romania's interim President, has become a rallying call for the hundreds of people who have camped out in the square for three weeks.

EASTERN EUROPE ELECTS

Romania

The people, many from Timisoara, the cradle of the Revolution, want one thing: the implementation of article 8 of the Timisoara Declaration. Drawn up on March 11 by a group of civic and intellectuals from Timisoara, the declaration, insists that the electoral law should "forbid former Communist activist and Securitate (secret police) officers from running as candidates on any electoral list during the first three consecutive legislatures... and that the electoral law include a special paragraph forbidding former Communist activists from standing as candidates for the position of President of Romania".

More telling, article 8 adds that "their (the Communists') presence in the country's political life is the main source of the tension and suspicions that currently plague Romanian society".

If implemented, this article would exclude Mr Iliescu, a former central committee secretary during the 1970s, from standing in the election on Sunday as the presidential candidate for the Front for National Salvation.

So far, Mr Iliescu, who last month called the demonstrators hooligans, has refused to meet their demands. He and the Front, which was catapulted into power after the overthrow of the regime of former dictator Nicolae Ceausescu on December 23, argue that the electoral law already excludes former Communist activists from standing in elections.

That law states that "persons who abused their political, judicial or administrative positions, who disregarded the fundamental human rights, or who organised or were instrumental in repression as part of the former Securitate, former police or militia forces are not eligible (to stand)". Mr Iliescu claims to have been a dissident rather than a Communist activist.

Many Romanians are sceptical. They feel that the law is not watertight enough to prevent the re-emergence of Communist influence under the guise of the Front.

That is the main issue in this bitter election campaign which is fuelled by intimidation and allegations of violence which, say the two main opposition parties, is sanctioned by the Front.

The National Peasants Party, whose president is Mr Corneliu Coposu, and whose presidential candidate is the 73-year-old dapper Mr Ion Ratiu, an émigré and millionaire, continually push home its loathing of communism to the electorate.

The strength of the 500,000-strong Peasants Party rests in the claim that this party, founded in 1869, and banned in 1947, is one of the few untainted by communist rule. In addition, they promise to return land to those who wish to farm it and to usher in a policy of privatisation and a market economy.

Yet the message is not getting through to peasants who remain suspicious of the inter-war period when German capital and the old feudal *Boyar* or aristocracy ruled the land, a point which Front candidates are adept at communicating.

The National Liberal Party, also founded in 1869 and banned in 1947, led by Mr Radu Campeanu, its presidential candidate, is less vocal in its anti-communist rhetoric. It also endorses privatisation, including an accelerated transition to private ownership in agriculture, services, and crafts.

Although its power base rests among the liberal intelligentsia and sections of the younger generation, the party's support is neither solid nor large enough to beat the Front.

The Front is not only the largest of the parties – it has a million members – but it has a machine and organisation at its disposal.

The machine is the media, which the Front still monopolise in spite of the sacking in January of Mr Aurel Drago Munteanu, the pro-Front head of radio and television.

Its organisation is embedded in the old Communist Party structures of the enterprises and the bureaucracy which has enabled it to consolidate its position throughout large parts of the country.

Thus, in the early days of the Revolution, because it was the only power in the country, it won immediate support from the peasantry by giving them the right to own, but not to sell, their plots of land.

It won over the miners by giving them pay increases and the workers by promises that economic reforms would not entail unemployment or the "sell-out of Romania to foreign capital". It captured the hearts, and votes, of the 2.5m gypsies by returning to them their gold coins which the Ceausescu regime had confiscated. In short, the Front are the only real operators.

Yet the Front has never renounced the communist system, an omission which fuels the scepticism among certain sections of the population. Instead, it repeats the phrase that "communism is dead".

Nor has it purged the gargantuan bureaucracy and the ministries.

"How can you purge nearly 4m former Communist Party members," asks Mr Adrian Nastase, the Front's spokesman. "Some of these people are talented. We need them."

Talent will be a premium whoever wins the elections. The country's shattered political, economic and social institutions have to be rebuilt against a background of a moral climate contaminated by decades of corruption and blackmail.

EC prescribes for ailing E Europe

By David Buchan in Brussels

THE EUROPEAN Commission yesterday set out some of its free-market prescriptions for east Europe's ailing economies, including the sequence in which the various capitalist potions should be taken.

Mr Henning Christophersen, the Commissioner responsible for macro-economic forecasting, predicted that if eastern Europe followed Brussels' advice, the region could move after 1992-93 from zero or negative growth to an annual rate of expansion of 5-6 per cent.

The six east European members of Comecon plus Yugoslavia would need to borrow some Ecu15bn-Ecu20bn (£11.11bn-£14.82bn) to cover their short-term financial needs for 1990-92, Mr Christophersen said. But the international capital markets were capable of providing the needed "private, profitable foreign investment" in eastern Europe, and he saw no need to increase the Ecu2.4bn which Brussels proposes in EC aid over the same period.

The Commission, for whom eastern Europe was unknown territory only a year ago, is still groping for answers to the economic policy questions posed by east Europeans. Requests for help keep coming in, and Mr Christophersen said he would soon be sending missions to Czechoslovakia and Romania.

Drawing lessons from its newly published report on Poland and Hungary, the Commission stresses the importance of taking a series of quick, logical steps to create market economies in eastern Europe. These would be:

- Privatisation should not take place before the "tutelage" system, under which ministries and companies arrange deals on taxes and subsidies, is dismantled.
- Reform must be credible, and pursued systematically, thoroughly and not too slowly, if the behaviour of people and companies is to change.
- Inflation must be stopped, as in Poland, before structural reform is started.

Mr Christophersen said the early plans of Poland, Czechoslovakia and Hungary for full currency convertibility had lessened these countries' interest in creating a payments union, topped up with hard currency by the EC.

Nevertheless, a payments union designed to help other east European countries and the Soviet Union settle their trade accounts "could be useful, at least for a transition", said the Commissioner, and the idea was still being studied in Brussels.

Experts demand closure of E German N-plant

EAST GERMANY'S main nuclear power station is so dangerous it should be closed immediately to avoid a Chernobyl-like disaster, according to a group of environmental experts, Reuter reports from East Berlin.

A report by seven non-government experts, from both East and West Germany, condemned security systems and other equipment in four reactor blocks at Greifswald power plant near the Baltic coast as totally inadequate.

"If the main circulation system failed there would be a similar event to Chernobyl," Mr Norbert Meyer, a Greifswald physicist, said at a briefing to launch the report.

"The danger of a catastrophic failing of the reactor pressure vessel cannot be averted through re-equipping or technical modifications," the 100-page document said.

It criticised the lack of fire precautions at Greifswald and warned that pipes could burst at any moment. It also said East Germany's former Communist authorities had long known about the poor safety standards.

All further discussion about the plant should aim at shutting down its four existing reactors, the report said. Two of the four working blocks have already been temporarily switched off, but four other blocks are still being built.

East Germany's central Round Table of government officials and opposition activists ordered the report in January after disclosures of poor conditions at Greifswald.

The environment ministries of both East and West Germany are working on a separate joint study of the plant.

The April 1986 disaster at the Chernobyl power station in the Soviet Union caused wide radioactive contamination.

FINANCIAL TIMES

Published by the Financial Times (Europe) Ltd., Frankfurt Branch, (Guiolettstrasse 54, 6000 Frankfurt-am-Main 1: Telephone 069-75980; Fax 069-722677; Telex 416193 represented by E. Hugo, Frankfurt/Main, and, as members of the Board of Directors, R.A.F. McClean, G.T.S. Damer, A.C. Miller, D.E.P. Palmer, London. Printer: Frankfurter Societaets-Druckerei-GmbH, Frankfurt/Main. Responsible editor: Sir Geoffrey Owen, Financial Times, Number One Southwark Bridge, London SE1 9HL.

FINANCIAL TIMES, USPS No 190640, published daily except Sundays and holidays. US subscription rates $365.00 per annum. Second-class postage paid at New York NY and at additional mailing offices. POSTMASTER, send address change to: FINANCIAL TIMES, 14 East 60th Street, New York, NY 10022.
Financial Times (Scandinavia), Ostergade 44, DK-1100 Copenhagen-K, Denmark. Telephone (33) 13 44 41. Fax (33) 935335.

BRITISH VIRGIN ISLANDS

The Financial Times proposes to publish this survey on:

JUNE 29th

For a full editorial synopsis and advertisement details, please contact:

Nigel Bicknell
on 071-873 3447

or write to him at:

Number One
Southwark Bridge
London
SE1 9HL

Israeli reaction to Soviet Jewish influx attacked

By Hugh Carnegy in Jerusalem

ISRAEL has reacted too slowly to the influx of Soviet Jews and lacks clear policies on how to cope with their absorption, the state comptroller said in a critical annual report published yesterday.

With responsibility for absorbing the biggest wave of immigration for years diffused between a number of ministries, which frequently squabble over resources, the comptroller, Ms Miriam Ben-Porat, called for the establishment of a central authority to take command of a situation "crying out" for action.

She warned of serious consequences for the country if it failed to cope with the influx, which began last year and is now set to reach 150,000 this year. *More than 30,000 Soviet* Jews arrived in the first four months, compared with 13,000 in the whole of 1989.

Israel sees the Soviet inflow as an historic boost to its strength, mirrored by Arab fears that it poses a serious demographic and strategic threat to them. But much attention is now focused on the immediate difficulties it will pose for a country of only 4.5m people recently suffering economic stagnation.

The comptroller's report said that there was no clear policy for providing jobs for the Soviet immigrants at a time when unemployment is already high. It also sounded the alarm over delays in building new housing.

A recent report by Bank Hapoalim estimated that average annual new housing starts of 20,000 units needed to increase by 2¼ times. It predicted a shortage by the second half of this year without further investment.

The Government, which reports only 8,000 new housing starts so far this year, plans *accelerated construction of* 45,000 new flats and is considering a range of incentives and regulatory changes to help.

● The appeal began in Jerusalem yesterday of Mr John Demjanjuk, a Ukrainian convicted in April 1988 of being a gas chamber operator at the Treblinka Nazi concentration camp and sentenced to death.

Australian indicators suggest a prolonged slowdown

By Kevin Brown in Sydney

FURTHER evidence emerged yesterday that the Australian economy is heading for a prolonged slowdown, if not a recession.

The index of leading indicators published by Westpac Bank and the Melbourne Institute of Applied Economic and Social Research fell by 1.4 points in March to 125.6, and is now seven points, or 5.3 per cent, below its peak in May last year.

The leading index is regarded as a reliable indicator of economic activity because it has correctly forecast every major change in the Australian economy since the 1950s.

Mr Bob Graham, Westpac's chief economist, said there was no doubt that the economy had eased, with certain sectors being hit severely. "The subdued performance of the leading index for almost a year now suggests [that] whatever the depth of the present slowdown, it will continue for the rest of the year, at least," he said.

Dr Ernst Boehm, of the Melbourne Institute, said it was too early to say whether the slowdown would develop into a severe recession such as that experienced in Australia in 1982-83.

Dr Boehm said the resilience of some indicators, such as building approvals and demand for new telephones, indicated that a major recession may not be imminent.

However, many analysts continue to suggest that Australia will prove to be in technical recession – defined as two successive quarters of negative growth – when figures for the March quarter are released at the end of this month.

Mr Paul Keating, the Treasurer, has admitted that the March quarter could show a contraction in gross domestic product, but has also suggested that negative growth of 0.2 per cent recorded in the December figure could be revised.

Mr Keating was at the centre of a public row about Australia's economic prospects yesterday as political tensions generated by the slowdown triggered disagreement over policy options among Cabinet ministers.

The row followed comments by Senator John Button, the Industry Minister and government leader in the Senate, casting doubt on the ability of the recently re-elected Labor Government to continue to deliver rising living standards.

Senator Button said it was not "fair or appropriate" for the Government to promise rising living standards when Australia was "in the midst of an economic downturn of some severity".

His remarks were interpreted as support for criticism of government policies by Senator Peter Walsh, a former Finance Minister, who resigned from the Cabinet after the March general election because he doubted ministers had the will to confront Australia's economic problems.

Senator Walsh has repeatedly suggested that Australia's problems are more deep-seated than has been admitted by Mr Keating.

Mr Keating defended his policies at a press conference during which he urged other ministers to stop wasting Cabinet time by commenting on the economy. He also took the opportunity to criticise Senator Button's performance as Industry Minister.

Mr Bob Hawke, the Prime Minister, also rebuked Senator Button during a parliamentary debate on a censure motion launched by the opposition to take advantage of Cabinet disunity on the economy. Mr Hawke, who survived the censure motion thanks to his parliamentary majority, gave his full backing to Mr Keating in an attempt to restore Cabinet discipline.

Jordan halts march on West Bank

By Lamis Andoni in the Jordan Valley

JORDANIAN security forces dispersed thousands of pro-Palestinian demonstrators with tear gas yesterday to stop them trying to cross the Jordan River into the Israeli-occupied West Bank.

The unprecedented march in support of the 30-month-old Palestinian uprising against Israeli occupation ended in violence when demonstrators defied calls by the organisers to stay clear of the Allenby Bridge, known in Jordan as the King Hussein Bridge.

Waving Jordanian and Palestinian flags, demonstrators wearing Palestinian black and white checkered head dresses stood on the sandy hills overlooking Israeli border points and shouted pro-Palestinian slogans.

"Long live the PLO (Palestine Liberation Organisation)," they cried, chanting revolutionary songs.

Security officials said more than 50 participants had been admitted briefly to hospital.

Leaders of Jordan's influential professional associations, which organised the march, regretted that emotions had got out of hand, but said they hoped the demonstration would step up pressure on Arab governments to fight against Soviet Jewish immigration to Israel.

Arabs are angered by the arrival of thousands of Soviet Jews in Israel, and Palestinians in particular fear they are being squeezed out of Jerusalem by the new arrivals. An Arab summit on the *issue is to be held in Baghdad* in two weeks.

"Soviet Jewish immigration equals Palestinian transfer", and "The US is the first enemy of the Arab Nation" were among the slogans of the march.

However, chants by young people supporting armed struggle and con*demning "Arab repression and silence"* reflected a militant mood and a growing frustration with the slow pace of the Middle East "peace process". Many Jordanians are of Palestinian origin. The march was also intended to underline what Palestinians see as their right to return to their previous homes in Israel *and the territories. Jordanians here* have strong suspicions that Israeli right-wing leaders want to annex the territories, settle Soviet Jews there and force a mass exodus of Palestinians to Jordan.

"Today it is very clear to the Arabs that they are witnessing the final stages *of Israel's scheme to make its occupa*tion of the West Bank irrevocable" said Mr Adnan Abu Odeh, King Hussein's political adviser.

Marchers carry an injured youth who inhaled tear-gas after protesters were beaten back from attempts to cross the Jordan

Violence in Philippines as US base talks open

By Greg Hutchinson in Manila

RIOT POLICE battled hundreds of left-wing demonstrators protesting against the US military presence in the Philippines yesterday as the two countries opened talks on the future of America's largest overseas bases.

The US called for a new partnership that would allow American military bases to remain in the country into the next century. But Mr Raul Manglapus, Philippine Foreign Secretary, *told Mr Richard* Armitage, special US negotiator, that Washington must first compensate for money unpaid under a current accord.

Police used tear gas and smoke grenades to disperse hundreds of leftwing demonstrators protesting in Manila against the bases.

Witnesses said several people were injured, including four policemen, and about 80 demonstrators were arrested in clashes around the tightly guarded Central Bank building where the talks were held.

The demonstrators included Roman Catholic nuns who carried signs reading "Sovereignty not for sale" and "US bases, cancer of society."

The negotiations will determine whether the United States retains Clark Air Base, the Subic Bay naval base and four smaller installations after their lease expires on September 16 1991.

President Corazon Aquino has refused to say whether she would support an extension. Last December, US jets from Clark helped suppress a military revolt that nearly toppled Mrs Aquino's administration.

During the opening session, Mr Armitage said the United States would remain a Pacific power regardless of the outcome of the talks, expected to last until the end of the year.

Mr Armitage, a former Assistant Secretary of Defence, urged the Philippine Government to decide whether the installations served their defence interests.

"If we do not truly believe that there exists compelling, mutual interest between the Philippines and the United States, then we have precious little to discuss other than the terms of an amicable separation," he said.

Mr Manglapus said the US had often fallen short of its financial commitments to the Philippines.

NEWS IN BRIEF

Mandela at White House

Mr Nelson Mandela, deputy president of the African National *Congress, recently freed from 27 years in prison,* will meet President George Bush at the White House next month, organisers announced yesterday, AP reports from Washington.

Mr Mandela will address a joint session of Congress – the highest honour lawmakers can pay visiting dignitaries – and hold meetings with congressional leaders. He will also be fêted with a ticker-tape parade in New York City and visit four other US cities, they said. The ANC in New York said Mandela would arrive in the US on June 20.

US and Iran sign claims deal

The US and Iran have signed a $105m agreement to settle some 2,750 US financial claims arising from the Iranian revolution, Reuter reports from The Hague.

The settlement clears away a host of small claims cases before the Iran-US Claims Tribunal in The Hague and opens the way for talks on Iran's huge claim for $11bn over US military contracts broken after the 1979 revolution. Both Iran and the US have denied that the agreement, reached after months of negotiation, is linked to Iranian help in the release of US hostages.

Mystery trip by Chinese official

Xu Jiatun, 74-year-old former head of the Xinhua News Agency in Hong Kong, China's de facto embassy, is in Los Angeles with five of his 10 children, Peter Ellingsen writes from Peking. He flew to the US early this month without permission after obtaining a visa in Hong Kong. Zhou Nan, the hardline official who took over from him, said "Xu does not have any problem", but his trip has upset Peking and caused tight controls in foreign embassies.

Iraq aims for Beirut peace

The Iraqi Government is attempting to mediate in the conflict between between Christian Lebanese Gen Michel Aoun and Mr Samir Geagea, the Phalangist militia leader, Lara Marlowe *reports from Beirut.*

The conflict, which started on January 31, has led to the deaths of more than 1,000 people. Eleven more died and 50 were wounded in a flare-up at the weekend.

According to the Beirut newspaper An Nahar, President Saddam Hussein of Iraq wants to resolve the inter-Christian conflict before the special Arab League Summit which is scheduled to be held on 28 May in Baghdad.

Gen Aoun sent his relative Brig Gen Fouad Aoun to Baghdad as his representative, while Samir Geagea dispatched Mr Pierre Rizk, the chief of the Phalange's "foreign intelligence service."

The two men are reported to have met Mr Tariq Aziz, the Iraqi Foreign Minister.

Ivory Coast protest by conscripts

Hundreds of disgruntled army conscripts staged an unprecedented pay protest in the Ivory Coast on Monday but agreed to return to their barracks after promises from President Felix Houphouet-Boigny, Reuter reports from Abidjan.

Nervous soldiers, wearing khaki caps and green-olive fatigues, took up positions outside the state radio building in the centre of the former capital Abidjan just before dawn, local residents said.

UN warns of global population surge

By Peter Montagnon, World Trade Editor

THE WORLD'S population will virtually triple to 14bn over the next century, causing critical damage to the environment, if nothing is done to check its current record rate of growth, a United Nations report warned yesterday.

Projections in the middle of the 1980s that world population would eventually stabilise at just over 10bn have turned out to be over-optimistic, the UN Fund for Population Activities (Unfpa) says in "The State of the World Population".

The slowdown in fertility rates has been slower than expected. Population is now growing particularly rapidly in Africa and southern Asia, poor regions least equipped to cope, Unfpa said.

Its report is likely to reinforce the emphasis being placed on population growth by development policy-makers. It comes after the same issue was highlighted by the Organisation for Economic Co-operation and Development in last winter's annual Development Assistance Committee report.

Already the world population has reached 5.3bn. It is growing faster than ever before at increments of 90m to 100m a year, Unfpa says.

"Fast population growth in poor countries has begun to make permanent changes into the environment. During the 1990s these changes will reach critical levels. They include continued urban growth; degradation of land and water resources; massive deforestation; and the build-up of greenhouse gases."

Reducing population growth, especially in countries with the highest rates of growth, will be "a crucial part of any strategy of sustainable development," the report says.

According to Ms Nafis Sadik, Unfpa Executive Director, who wrote the report, this will mean a shift from purely economic indicators for development towards social priorities.

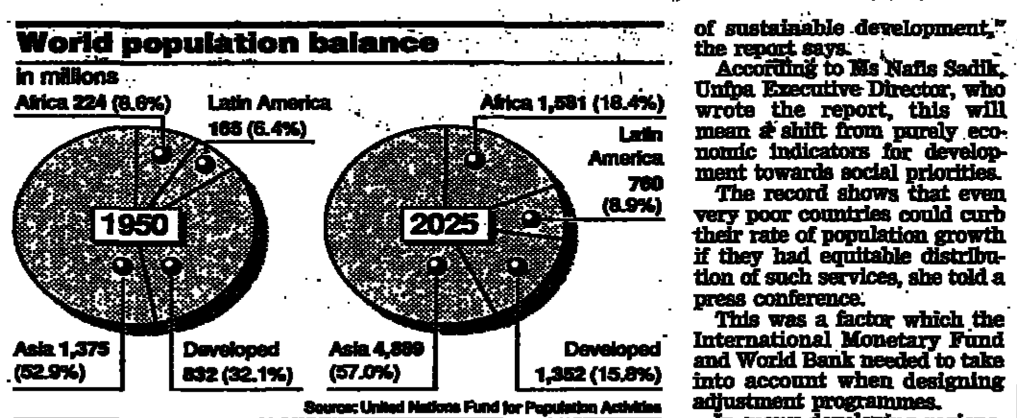
The record shows that even very poor countries could curb their rate of population growth if they had equitable distribution of such services, she told a press conference.

This was a factor which the International Monetary Fund and World Bank needed to take into account when designing adjustment programmes.

In many developing regions, but particularly Africa, women were heavily engaged in food production as well as its preparation and fuel gathering, the report says. This has encouraged them to have additional children to lighten the load. Widening their options and hastening their equality would help secure lower population growth.

World population balance

in millions



Source: United Nations Fund for Population Activities

Kuwait arrests pro-democracy activists

By Victor Mallet

KUWAITI authorities have arrested two pro-democracy activists campaigning for the restoration of parliament, although 10 others detained last week have been released on bail.

The two held on Sunday night are Mr Ahmed al-Rabei, an Arab nationalist university lecturer and former MP, and Mr Ali Buarki, a businessman. It was not immediately clear what charges they would face, but the Government has accused previous detainees of arranging illegal meetings and distributing leaflets.

Kuwait's ruling al-Sabah family is pressing ahead with plans for elections to an interim National Council on June 10, but opposition politicians say the new council is a toothless body to supplant the National Assembly dissolved by Sheikh Jaber al-Ahmad al-Sabah, the Emir, in 1986.

Military crushes Kashmir faith in secularism

David Housego returns to an occupied state united in its hostility towards India

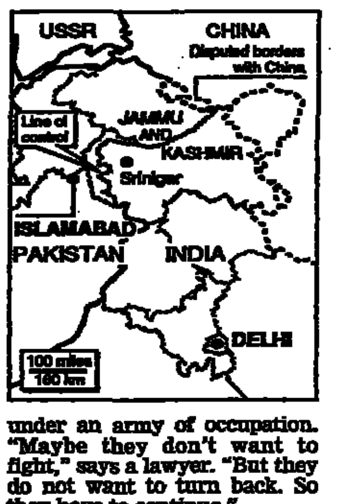
IF THERE is a symbol of Kashmir today it is in the terrified faces of its people who bring a visitor their tale of humiliation and brutality during four months of virtual military rule.

The massive display of strength by the Indian security forces – including long spells of curfew that have confined people to their homes and the relentless pressure of house-to-house searches – has succeeded in sapping much of the strength from the insurgency movement.

There are no longer the massive pro-independence demonstrations of earlier this year – fired by the enthusiasm of crowds who seemed to think that with a another push the Indian Government would yield to their demands. "We are a people in the grip of fear," said one young Kashmiri Moslem.

The Jammu and Kashmir Liberation Front (JKLF), the main insurgency movement, has taken a pounding from the security forces. "We have broken their organisation and we know all there is to know about them," says a senior official. Foreign correspondents, banned from Kashmir in January, are quietly being let back.

But the cost has been immense and may have brought India only a brief respite. If India can by force hold Kashmir within the union, Kashmiris now see themselves as united in their hostility to India and living under an army of occupation. "Maybe they don't want to fight," says a lawyer. "But they do not want to turn back. So they have to continue."



India's democratic traditions have suffered the damage that comes from using force to cow a segment of its own people – an operation that at the same time brings the armed forces into disrepute.

Secularism – the belief that different creeds can live together and which has been the cornerstone of India's identity as a nation – has been lost from sight with the departure of the Hindu minority who dominated hospitals, education, banks, insurance and the distribution of pharmaceuticals. Kashmiri Moslems increasingly feel that their religion itself has become an offence.

Industry has come to a halt. In what is normally the height of the tourist season – with the snow-lined ridges and intense green of the valley drawing Indians in their millions up from the suffocating heat of the plains – the hotels and houseboats are empty. The endless rows of handicraft shops remain closed.

The traumatised face of Babboo Imtiaz Ahmad, 19, a young man of almost film-star looks with a great hock of black hair, recounts how, during interrogation by para-military forces, he was suspended from a rotating ceiling fan.

In a back yard in the Khwaja Bazar district of old Srinagar, he displayed four cigarette burns on his arms and legs and deep bruising on his back from being trodden on.

The painful stammer of a 50-year-old villager, Ghulam Mahdadar, released after 18 days of interrogation, told at his village of Fatehpur, near Baramulla, how he had been hung from a tree and beaten with clubs. In the same crowded room others showed the marks of chains on their legs.

At the Idgah in Srinagar – the open field where Moslems celebrate the Eid festival – on one side a rough martyrs grave has been dug for militants and others who have recently been killed. A young man shouts in a characteristic mixture of bravado and desperation. "Everyone here is prepared to die. We have only two choices to die or be liberated."

An old man sobs in Court Lane in Srinagar. He lost his two sons in cross-fire the day before.

Among the most distraught are the doctors. At the SMSH *hospital, doctors say that most* of the wounded brought in have had to be treated for head, neck and chest injuries – suggesting that the para-military forces have fired high.

At the Lalla Ded maternity hospital – the largest in Kashmir – Dr Mir Nazir Ahmed, the Chief Medical Superintendant, describes the last five months as a nightmare. He says that he has had to manage with only 20 per cent of his skilled staff. "Most of the staff is Hindu," he said. "They have left, packed up and gone without even telling me."

Medicines have been in short supply, blood banks have run out of stock because of the continuing curfew and most of the complicated cases have been referred to the hospital because of the loss of staff at smaller clinics.

One of the deepest long-term scars in the Valley could well be the collapse of the former good relations between Moslems and Hindus – often seen as a model for the rest of India. Moslems account for 90 per cent of the 4m population in the Valley.

Many left in panic after some Hindus had been killed by Moslem militants. But others also seemed to have left with the tacit support of the authorities – nervous that incidents in Kashmir could spark off communal riots elsewhere in India and provoke demands from the radical Hindu BJP party for the Government to take an even tougher line in Kashmir.

It is still unclear how many Kashmiri Moslems have been arrested during recent months. Probably several thousand have been taken into custody for interrogation – with most released soon after. Mr Jagmohan, the Governor, says that less than 500 are being detained for longer periods – against unofficial estimates of more than 1,000.

Over the past week, the curfew has been lifted in Srinagar during most of the day. Officials say they hope to reduce the numbers of regular troops and paramilitary forces that have been deployed.

In further efforts to show that normal conditions have returned, the administration moved from Jammu (the winter capital) to Srinagar last week – though militants successfully marked the occasion by getting all shops to close. Primary schools are officially open, though at St Joseph's near Baramulla only 10 per cent of the children have showed up. High schools and universities are due to open this week – but several high schools are still being used as barracks and staff are reduced by the departure of the Kashmiri Hindus.

In many ways however, these improvements remain illusory. Hatred of India and Indian troops has become almost universal in the Valley – providing a fertile ground for continuing insurgency. "The whole Valley is in revolt," says a senior Kashmir official.

Militants cannot operate without the full support of the people, and they have that. They still enjoy enormous sympathy – and probably more amongst the Kashmir police and administration.

The government claims that many sophisticated weapons are coming across the border – AK47s, rocket-launchers, anti-tank weapons and anti-personnel mines. Fears of escalation lie behind the strong recent Indian warnings of the dangers of war.

In political terms the Indian Government is operating with its hands tied behind its back because it feels unable to offer further concessions over autonomy to help meet Kashmiri aspirations. Much of Prime Minister Mr V.P. Singh's constituency in Delhi – including the BJP on which he counts for support in parliament – would like to see Kashmir brought under a tighter leash.

Kashmiri Moslems feel that they are now so distrusted in the rest of India that they have no future there.

"For a long time to come," says one lawyer, "even if nothing comes out of this (movement for independence), it is going to be hard for Kashmiris to live in India. That is why people do not want to relent. Kashmiris have little choice."

Any bank can give you a manager.

We give you the whole team.

Back row, (left to right): Business Insurance, Trade Finance, Electronic Banking, Personal Financial Planning
Middle row: Manager, Agricultural Finance, Factoring, Commercial Estate Agency
Front row: Company Relocation, Asset Finance, Money Market Deposits, Credit Card Processing

It would appear from the advertising of some other banks that their business managers aren't flesh and blood like the rest of us.

They seem to have acquired the knowledge of a Mastermind champion.

The ability to reason like Sherlock Holmes.

And for all we know are able to leap tall buildings at a single bound.

At Lloyds Bank, we make no such claims for our business managers.

They certainly have a good all-round knowledge of business banking, but they can't be expected to know everything.

So we support them with a team of experts.

We've experts on business relocation; experts on importing and exporting; insurance experts; and so on.

What this means is you get a business manager who can take stock of your situation and, where necessary, introduce you to the appropriate specialist.

This is just one of the ways we help you to run your business smoothly.

We're bankers who think more like businessmen.

Lloyds Bank

THE THOROUGHBRED BANK.

Life assurance and pension products are provided by Black Horse Life Assurance Company Limited, and unit trusts by Lloyds Bank Unit Trust Managers Limited, both subsidiaries and marketing group associates of Lloyds Bank Plc, 71 Lombard Street, London EC3P 3BS. Advice on general insurance is provided by Lloyds Bank Insurance Services Limited. Lloyds Bank Plc is a member of IMRO.

Computer chiefs seek dumping-law changes

CHIEF executives of 11 of the biggest US computer manufacturers yesterday took a united stand on US high-technology trade policy affecting dumping and foreign market access, Louise Kehoe reports from San Francisco. The powerful industry group issued recommendations for changes to anti-dumping laws and US access to foreign markets.

The recommendations of the Computer Systems Policy Project (CSPP) seem designed to exert a moderating influence on US actions to resolve the continuing US-Japanese semiconductor trade dispute, as well as establish more effective mechanisms for dealing with high-technology trade disputes.

The CSPP was formed last year at the urging of International Business Machines. Members include the chief *executives of Apple Computer*, Compaq Computer, Control Data, Cray Research, Digital Equipment, Hewlett-Packard, NCR, Sun Microsystems, Tandem Computers, Unisys, and IBM.

"This is the first time the computer industry has taken a unified approach on trade issues," said Mr Scott McNealy, chief executive of Sun Microsystems. "We have worked out a consensus. Now you are going to hear us all singing the same song."

"Together, we will be more influential, our opinions will carry more weight," added Mr John Young, chief executive of *Hewlett-Packard and chairman* of CSPP.

The 1986 US-Japanese semiconductor trade agreement served as "the wake-up call" to the US computer industry, said Mr Kenneth Kay, executive director of CSPP.

The five-year pact is due to expire next year, and as major buyers of semiconductor devices, the computer industry executives want to have a greater say in what the next steps in resolving US-Japanese semiconductor trade friction will be. The CSPP proposes a a new approach to dealing with disputes over US access to foreign markets that "departs *sharply from static approaches* in which market-access goal is established at the outset as a fixed numerical target," as was the case in the US-Japan semiconductor trade agreement.

"The most important step the US can take to improve market access worldwide is to strengthen the Gatt," the industry group stated. While bilateral initiatives were essential, "the emphasis should be on results, not expectations, commitments or sanctions."

The CSPP proposals also represent an attempt to influence the US position on dumping and market access in the Gatt negotiations. "We are firm in *our opposition to managed* trade," the group stressed. Anti-dumping laws should be modified, "expressly to permit pricing below average unit costs during the introductory period of new products".

While details of the CSPP proposal differ significantly from stances taken by other US industry groups, the Semiconductor Industry Association yesterday welcomed the CSPP proposal.

Washington aims for compromise on textile trade

THE US yesterday sought a compromise on liberalisation of world trade in textiles and clothing in the Uruguay Round talks. This comes three days after Mrs Carla Hills, US Trade Representative, warned US manufacturers that insisting on continued protection could imperil outcome of the round, William Dullforce reports from Geneva.

In a key modification of the US approach, Mr Ronald Sorini, chief US textiles negotiator, proposed that exporting countries at present subject to import quotas under the Multi-Fibre Arrangement (MFA) be guaranteed minimum quotas during the phasing-out of the MFA. The quotas would be tradeable.

The paper Mr Sorini tabled with the textiles negotiating group limited the transition time to 10 years, and indicated it could start on August 1, 1991, when the current MFA expires. The US had earlier favoured a longer transition period, starting January 2, 1992.

The latest US proposal seeks a compromise between its call for a switch to a system of global quotas at the start of the transition period, and most other countries' wish to dismantle gradually the present MFA bilateral quotas.

THE Council of the General Agreement on Tariffs and Trade is expected to to approve the Soviet Union's application for observer status in the world trade organisation tomorrow, William Dullforce reports. A definition by the council chairman of what observer status entails should meet US reservations while Japan, which had asked for more time to consider the matter, is understood to be satisfied.

Textile and farm trade reforms were highlighted last month by Mr Arthur Dunkel, Gatt director-general, before trade ministers met informally in Mexico, as two key areas for breaking deadlocks.

Mr Sorini said the changes in the US position on textiles showed it wanted to be flexible. But the US has not dropped its basic stance that a system of gradually expanding global product quotas, for which suppliers would compete, is the best mechanism for switching from the MFA to full integration of textiles and clothing in Gatt.

Under the change, exporters now subject to MFA quotas would automatically have a guaranteed minimum quota for each product, staying constant in the transition period. But one supplier could not account for more than 15 per cent of the total. Exporting countries would be able to buy and sell their quotas.

That part of the total quota for any product not covered by guarantees would form a global basket open to competition from all suppliers, including those holding individual country guarantees. The global basket would serve as a safeguard mechanism which governments could use to protect domestic producers against excessive import surges.

Shell links with China for $2.5bn oil refinery

SHELL has linked with five mainland China corporations in a plan for a $2.5bn (£1.4bn)-$3bn oil refinery and petrochemical plant at Huizhou, Guangdong, John Elliott reports from Peking.

Shell expects a substantial stake, believed to be about 50 per cent. It would be China's first foreign joint venture for a new oil refinery and Shell's first major investment in China since 1962.

An application has been lodged with Peking's State Planning Commission to carry out a feasibility study, which could start by the end of this year. A go-ahead would be significant, because it would put the project into China's five-year economic plan.

Li Peng, China's premier, is believed to have said he approved of the application going to the planning commission. This means the project has some support in central government. Shell's partners are China National Offshore Oil Corporation, China National Petrochemical Corporation, China National Petroleum Corporation, China Merchants, and the Guangdong provincial authority. The plant would process 5m tonnes of crude oil a year.

Moscow 'working on problem of late import payments'

MOSCOW is working to put right the problem of tardy payment for goods which has given rise to complaints from western exporters, Lord Trefgarne, UK Trade Minister, said yesterday, Reuter reports from London.

UK ministers had raised complaints from about 12 companies with the Soviet authorities and these were being resolved. "I'm glad to say the response has been encouraging," he added.

UK officials said the problem seemed largely administrative, as the central Soviet authorities had devolved responsibility for foreign trade to individual foreign trade organisations and companies.

Some foreign trade bodies *did appear keen to* delay payments, but this was not Soviet government policy. The authorities were taking steps to restore the country's credit-rating by ensuring payments were made, they said.

These administrative changes and parallel reorganisation of the government structure were causing uncertainty and confusion among western businessmen, Lord Trefgarne went on.

He dismissed a Japanese estimate that Soviet payments to Japanese companies, now more than three months overdue, totalled over $500m (£300m). The amounts involved were relatively small, but he declined to quantify them.

Venezuela investment up

VENEZUELA has reported that direct, registered foreign investment stood at an estimated $2.4bn (£1.4bn) at the end of 1989 - a rise of 14 per cent, or $336m, over the previous year, Joe Mann reports from Caracas.

Most new increases in foreign investment in Venezuela over the past decade reflected reinvestment of retained earnings rather than inflows of fresh capital. Foreign executives in Caracas believe that even *though international* companies brought in some fresh capital last year, most of the 1989 rise was still a product of reinvestments or debt-equity swaps.

Earlier this year, Caracas decreed sweeping liberalisation of foreign investment rules.

Phone club days are numbered

Change is on the line for global cartel, writes Hugo Dixon

THE DAYS when the world's telephone companies could agree among themselves in cosy club committees how the international telecommunications market should be regulated are passing.

A meeting later this month of a group within the International Telegraph and Telephone Consultative Committee (CCITT), the Geneva-based telephone club at the centre of a storm over excessive international phone call pricing, could change the provisions that restrict competition and allow cartel practices.

The Financial Times recently reported that users across the world were being overcharged by more than $10bn a year for international calls and that prices were on average three times cost as a result of such practices among the world's phone companies.

Two of the pillars on which the cartel rests are enshrined in the CCITT's recommendations – the controversial D-series of its Blue Book. These are the accounting rate system, a method of sharing the revenue from international calls which penalises companies that cut their prices; and restrictions on private circuits which are designed to keep non-cartel members out of the market.

A meeting of a working party of the CCITT's study group 3, which begins in Geneva on May 23, could bring substantial change to the latter restrictions. It will discuss sweeping plans put forward by the US to liberalise the D-series restrictions on private circuits.

A rival French plan, which calls for more modest liberalisation, will also be on the table. *Mr Theo Irmer, the CCITT's* director, argues that the restrictions are out of date and need change.

The change in the air is partly because organisations such as the European Commission and trade ministries, in the context of the current negotiations on extending the General Agreement on Tariffs and Trade (Gatt) to services, are *taking an interest in tele*communications.

It is also because the composition of study group 3 is changing, as countries set up independent regulatory bodies to oversee their phone companies. The US, the UK, Japan, France, West Germany and a number of other countries will be sending officials from their ministries as well as delegates from their phone companies to the meeting.

Whereas the phone companies have traditionally looked only to their own interests, the ministries have to take users' interests into account. One user organisation, the International Telecommunications Users Group (Intug), will be directly represented at the talks.

The restrictions on international private circuits are important for two reasons. First, they have held back the development of enhanced telecommunications services such as electronic mail and access to data banks. Private circuits are the building blocks for such services.

An unpublished report by the Organisation for Economic Co-operation and Development says that strict adherence to the CCITT's recommendations would prevent the supply of such services. It says the "recommendations, although they are not binding, have tended to form the basis for national policy telecommunication frameworks and have been applied in a binding way by a number of countries".

What is more important, the restrictions on private circuits close off what is perhaps the quickest way of cracking the cartel on international calls. If private companies were allowed to lease circuits off the cartel members in bulk and resell the capacity to third parties, they would be able to undercut the prices of international calls. The phone companies would then *have to cut prices to stay competitive.*

This route to introducing competition was chosen by the US in the early 1980s. It had quick results because new operators could start offering services immediately without having to build their own networks.

The approach has yet to be tried in the international arena because no country apart from the US allows resale, although the UK's Office of Telecommunications is examining the matter. Agreement would be needed by the phone companies at both ends of the circuit before an international service could be provided.

Mr Bradley Holmes, assistant secretary of state at the *State* Department responsible for telecommunications, says the US will be pressing for four changes to the restrictions:

- Users should be able to resell space on their circuits to others.
- They should be able to connect their private circuits to the public network. For example, a company in New York should be able to use its private network *to route a call to* Paris and use the public network to connect it to anywhere else in France.
- Phone companies should offer private circuits at cost. A study last year by Ovum, the UK telecommunications consultancy, found that Europe's phone companies were pricing international circuits at between four and 20 times cost.
- Private circuits should be priced on a flat-rate basis instead of customers being charged on the basis of how much they use their circuits. Volume-related pricing is recommended by the CCITT to blunt the competitive threat of private phone operators.

France has recently modified its position. Whereas previously it opposed liberalisation on all four counts, it is now holding out only against the most important liberalisation measure – allowing private companies to resell capacity on circuits. It opposes such radical deregulation on the grounds that it would lead to private companies making easy money by "cream-skimming" the most profitable areas without adding any value themselves.

Given that the CCITT makes decisions on the basis of consensus, some compromise between the French and US positions is likely.

Tribes seek debt swaps for Amazon land rights

By Sally Bowen in Lima

A NOVEL alliance of indigenous leaders and environmentalists in Peru has proposed swaps of external debt for territorial rights, the land involved to be directly managed by the tribal peoples.

The proposal came at a three-day conference in the upper Amazonian Peruvian town of Iquitos. It was called by the Co-ordinating Body for the Indigenous Peoples of the Amazon Basin (Coica), which groups organisations representing 220 indigenous nations from five Amazonian countries.

The conference chairman was Mr Evaristo Nugkuag, a 40-year-old Aguaruna, and environmentalist participants included the World Wildlife Fund (WWF), Greenpeace, the National Wildlife Federation, Conservation International and Friends of the Earth.

Indigenous representatives heavily criticised two big debt-for-nature swaps in Bolivia and Ecuador. The deals, first proposed by the WWF in 1987, have involved some debtor countries in reducing hard-currency debt in exchange for parks and wildlife refuges. Conservation organisations buy the deteriorated debt paper, which is converted into local currency bonds, the interest on these being used to preserve and manage national parks.

The potential inflationary impact of such swaps makes them an unlikely mechanism for substantial external debt reductions, and only small sums have been involved in the past two years. Some national and international bodies oppose them, arguing they tacitly confer legitimacy on the external debt.

But Coica attacked governments for negotiating the future of their homelands without consultation. National parks in the Amazon basin are home to more than 1m people, many of them tribal. Also, debt-for-nature swaps have failed to curb destructive mineral and timber exploitation.

The conference called for recognition that indigenous peoples are the key to guaranteeing the future of the Amazon region on behalf of humanity. Effective defence of the Amazonian biosphere means defending indigenous territory and promoting traditional models of life and resource management, they said.

Environmentalists and observers present agreed. "Environmentally it is a sound idea," said Mr Richard Smith of Oxfam America. "Instead of having 15 park rangers controlling a huge area, you'd have thousands of tribal people patrolling it."

Chicago seeks the line between a deal and a crime

Futures traders tread with special care these days as a fraud trial gathers pace, writes Barbara Durr

AFTER a hard day in the pits, Chicago's futures traders say goodbye to each other in an unusual way these days. Friendly pats down the back and along the sides are common: traders are checking for wires and microphones.

They remain traumatised by the Federal Bureau of Investigation undercover probe into fraud allegations at Chicago's two main exchanges. The probe came to light early last year and led to indictments of 47 traders and one floor clerk. The prosecution says its investigation continues, and some in the pits fear that colleagues may be wired, as FBI agents were for nearly two years.

Worries at the Chicago Mercantile Exchange (CME) and the Chicago Board of Trade (CBOT) have been refreshed by the start last week of the first trial resulting from the investigation. Three Swiss franc traders from the CME are facing multiple counts of mail and wire fraud, and one of the three is on racketeering charges.

In essence, they are charged with having cheated customers and pocketed the profits. They could face stiff fines and prison sentences.

The feeling on the CME floor is that the entire affair has been overblown. Yes, traders admit, there have been some bent on cheating but, in general, despite the fast and often chaotic scrum in the pits, there is great care taken to comply with exchange rules and those of the Commodities Futures Trading Commission, the industry's regulator. If traders do not, fines, suspensions and even expulsions are imposed.

Even so, the investigation exposed some regulatory looseness and tarnished the futures industry's reputation. Since last year, both exchanges have considerably strengthened their trading surveillance and audit trail procedures. Among other measures, trading cards are picked up more frequently, fines have been increased for violations, and both exchanges have brought more outside directors onto their boards.

They are also investing $5m in developing an electronic trading card, which aims to improve further the audit trail. The CME has even instituted an obligatory ethics class.

The fall-out from the investigation has made traders more cautious. In the past, for example, they might have evened up on trades immediately after the bell – a violation of the rules known as kerb trading. But now trading promptly stops, even though it may mean some traders go home with an unwanted position in the market.

"Everybody is pretty paranoid about doing little things that were accepted before," said one trader. The line between what was once accepted trading practice, though with a little alleged bending of the rules, and what was criminal is a key issue at the trials. The prosecution aims to show that the free-wheeling traders intentionally violated rules to win profit for themselves instead of their customers, and covered their wrongdoing by changing their trading cards – the only records of their transactions.

Glyn Genin

Enough to worry about in the trading pit

According to Mr Mark Pollack, Assistant District Attorney, the traders are alleged to have pre-arranged trades, changed prices, cancelled unfavourable trades and matched orders without going through the pit's open outcry system. Under all these schemes was the effort to conceal trading errors so as to avoid having to assume responsibility for losing trades.

A trader on trial, Mr Robert Mosky, is alleged to have fobbed off his losing trades on his two co-defendants, Mr Danny Scheck and Mr David Zatz, who are "local" traders. The accommodating local traders, who trade only for their own accounts, were then rewarded with winning trades to make up the losses, all at customers' expense, the prosecution alleges.

The case against the traders rests in part on the testimony and secret tape-recordings of the FBI agent who posed as a trader in the Swiss franc pit for 11 months during 1988. Another Swiss franc trader who pleaded guilty will also testify.

Defence lawyers are arguing that what their clients did was accepted practice, and that the FBI agent did not understand the hectic and complex trading of futures. They repeatedly emphasised the "chaos", "bedlam" and "pandemonium" of the pits, where prices change in the blink of an eye and, if you touch your face inadvertently, you've bought a hundred contracts.

They argue that FBI agent Mr Randall Jannett, given his inexperience, could not understand what he thought he saw.

A number of the 48 indicted persons has already pleaded guilty and is understood to have co-operated with the prosecution. Two other trials, of 16 yen and 13 soyabean traders, are to start in September. But it is thought that the current trial will set the precedent.

A difficulty in the case is explaining the arcane nature of the futures business to a jury of lay citizens. Both the prosecution and the defence have a stake in the jury understanding, if not the details of futures trading, at least the general procedures. The jury is being given a short course in futures trading by both sets of lawyers, using expert witnesses. The trial is due to run at least six weeks.

At issue will be whether the alleged actions by the traders are rules violations (to be punished by the exchanges), civil wrong-doing without intent to defraud (punishable through the courts) or criminal, with the aim to defraud.

Mr Nicholas Weir, a Coopers & Lybrand commodities litigation specialist, summed up: "It's like a chess game where there are as many ways to describe the game as there are spots on the board to move."

Price cuts 'legal if not predatory'

By Peter Riddell, US Editor, in Washington

PRICE-cutting schemes which damage a competitor's business do not necessarily violate US anti-trust laws, the Supreme Court ruled yesterday in a case which will have a big impact on retailers.

The court, by seven votes to two, rejected a claim against Atlantic Richfield (Arco), a leading oil group, by smaller independent retailers in California and Washington state.

USA Petroleum, an independent oil dealer, had accused Arco of conspiracy with Arco petrol stations to fix prices illegally so as to drive smaller independents out of business.

The Supreme Court ruled that only when a company's price-cutting could be proved to be predatory and harmful did it violate the anti-trust law. Predatory pricing is defined as setting prices below the level necessary to sell a product at a profit, or below an appropriate measure of the cost of making the product.

Justice William Brennan said USA Petroleum had not suffered anti-trust injury. "When a firm, or even a group of firms, lowers prices but maintains them above predatory levels, the business lost by rivals cannot be viewed as an anti-competitive consequence."

US asbestos costs suit rejected

By Martin Dickson in New York

THE US Supreme Court has refused to let 30 US states bring before it a suit aimed at forcing manufacturers of asbestos products to pay for the removal of the material from public buildings – which the states estimated could cost $16bn (£9.58bn).

The various states will now have to decide whether to pursue suits independently against the companies in state courts. This would be very costly, in that proof of liability would have to be established 30 times.

The suit to the Supreme Court was filed against 26 companies which made products that contained asbestos until the 1970s, when it was identified as a carcinogenic material. The suit alleged that the companies failed to warn state governments of the dangers of the material and failed to pay for its removal from public buildings.

It is rare for the Supreme Court to exercise direct jurisdiction on lawsuits; it usually confines itself to disputes between states, or between states and the US Government.

The general's pocket money goes to trial

By Henry Hamman in Miami

United States v. Manuel Antonio Noriega has never been an average criminal case. American grand juries do not normally indict military chiefs on narcotics trafficking charges.

The invasion of Panama to bring General Noriega to trial was an unusual sort of drug bust, and his rejected claim that, as a prisoner of war, he was not subject to trial differed from everyday defence tactics.

Now, the pre-trial manoeuvres have become even more amazing, with Gen Noriega's lawyers proposing to use President Fidel Castro of Cuba as a defence witness and Judge William Hoeveler asking the US Government to justify giving away (to the new Panamanian Government which the invaders installed) $5.8m of the general's pocket money that US soldiers found in his bedroom when they seized his house in Panama City.

Meanwhile, Gen Noriega's lawyers have asked the court either to release them from the case or to force the Government to release some of the millions of dollars the general kept in bank accounts across the world, so that he can pay them. The defence also wants the Government to identify all the accounts it has frozen – a demand the Government is resisting.

The basic case against Gen Noriega is that he used his position as Panama's strongman to aid Colombian narcotics traffickers, for which he was paid millions of dollars, the prosecution claims.

But Gen Noriega's lawyers say he earned his millions legitimately by performing services for US and other intelligence agencies.

This is not an idle argument: the general needs lots of cash to pay for the legal team he wants. But the Government wants to keep the money for, under US law, earnings from narcotics trafficking are forfeit. So the defence is asking the court to make the Government prove that the assets it has frozen came from drug dealing.

Judge Hoeveler appears to be inclined to concur with this demand.

Last week, he asked prosecutors three questions:

- How much of Gen Noriega's seized assets came from illegal activity?
- What part of the money came from the US or other governments?
- What right had the US Government to dispose of the general's personal property, seized during the invasion?

The judge said the basic question was: "What property of his can he use to pay his lawyers?"

The judge was particularly interested in the $5.8m found in Gen Noriega's bedroom. "I recognise that it's not common to have $5.8m in your bedroom," the judge said. "Still, it was apparently his money." It was an interesting question as to whether the Government had a right to give it away.

The prosecution has filed an initial response to the judge's questions, but asked that it be sealed. Prosecutors argue that to give the general the information might allow him to tap illicit accounts as yet undiscovered. Defence lawyers say they know of no such accounts.

The known frozen assets are held in 27 accounts, including seven at the London branch of the Union Bank of Switzerland, only one of which is in Gen Noriega's own name.

The secrecy which envelops the money issue also shrouds another development – the disclosure to Brazilian journalists by Mr Castro that defence lawyers had visited Cuba and interviewed him as a possible defence witness. Gen Noriega's lawyers will not say what they learned, citing court-ordered restrictions on the disclosure of classified information.

Judge Hoeveler has set next Monday for answers to his questions about the general's money. The trial may not start for another year.

AMERICAN NEWS

Lockerbie commission examines security

A PRESIDENTIAL commission investigating the Lockerbie bombing is expected to be highly critical of Federal Aviation Administration (FAA) security procedures according to aviation sources, Reuter reports.

The commission, which will issue a report on the disaster today has made it clear in public hearings that it has profound doubts about the procedures that made it possible for a bomb to be smuggled aboard Pan Am flight 103. The bomb blew the aircraft out of the skies over the Scottish village of Lockerbie on December 21, 1988, killing 270 people.

It is not certain what specific recommendations the commission will make but the sources said that at the very least, it will seek modification of the security procedures.

The commission was created by President George Bush after families of the victims charged that there were serious weaknesses in the procedures employed by the FAA, which regulates US aviation.

At a hearing last month, officials from the FAA and Pan Am said the airline had not been hand-searching unaccompanied baggage put aboard the aircraft in Frankfurt.

Menem hopes to curb unions

Gary Mead on authoritarian measures to curtail Argentina's strikes

President Carlos Menem, Argentina's quixotic Peronist leader, has produced many surprises since taking office last July. But none of them have been quite as paradoxical as his current attack against Peronist holy writ, the unrestricted freedom of trades unions. Mr Menem is preparing to hamstring the unions by curtailing their right to strike.

While most Argentines are fed up with socially disruptive wildcat strikes, some of them are alarmed at Mr Menem's promise to push through trades union restrictions "with or without consensus". That threat has a whiff of familiar authoritarianism. Argentines are highly conscious of the fact that their civilian democracy is still less than seven years old. Under President Menem, government has become a matter of rule by decree, with retroactive Congressional sanction of the decrees, often much later.

The Government's decision to legally bind trades unions to secret ballots, advanced warnings and other pre-strike measures is a response to a wave of strikes which have plagued communications, banking, education, health and transport sectors. In January there were 75 different strikes, more than double the amount for the same month throughout the previous decade.

Bankworkers were among the 75 groups who went on strike in Argentina in January

January's strike record is doubly alarming for Mr Menem, given that it is the month when the vast majority of Argentines take annual holidays and are thus in no position nor mood for industrial action. Among public sector trades unions, matters have not smoothed over since January.

But having announced his intent of rapidly forcing through a decree restricting strikes, President Menem has now opted to present a Bill to Congress on the issue. Its 16 articles propose that strikes be curtailed to the point of impossibility in any "essential service whose partial or total interruption could endanger health, life, freedom or security of any individual or community." Services deemed essential include transport, water, electricity, communications, medical and education.

Strikes infringing the new legislation (if passed by Congress) will be declared illegal. That in turn would mean removing the legal status of those trades unions which defied the new legislation.

Argentina has more than 4m workers affiliated to trades unions. Trades union income is big business, in the region of $3bn annually. Threats to delegalise law-breaking unions alarm trades union leaders because, under current Argentine law, unions require state recognition before they can exist and operate as legal entities.

Former president Raul Alfonsin Howregularly declared strikes illegal during his 1983-1989 government, and in one case removed a union's legal status.

The shock for Argentine trades union leaders is that when they brought Carlos Menem to power in May 1989's presidential contest they expected him to reinforce, not reduce, trades union power. Their response so far has been to push the idea of "self-regulation", the hint of a willingness to trade with the government. They are also banking on the notion – as indeed President Menem himself may be – that Congressional members of the Peronist party, many of them owing their position to union support, will considerably water down the Bill before it becomes law.

Congress has the ability, when it likes, of sitting on legislation for months or years at a time. The new trades union Bill has been sent to the Senate (the upper house) first, itself an unusual measure; normally Bills are first presented to the lower house of Deputies and then read in the Senate. But President Menem can bank on greater support in the Senate, where his brother, Mr Eduardo Menem, is head.

Understandably, some of President Menem's closest advisers are scornful of the notion that Argentina's union leadership is either willing or able to control workers facing the toughest recession of the past 50 years. If Congress decides that placing severe limits on the right to strike of the most vociferously hostile trades unions – all in the public sector – is too hot to handle, then President Menem retains the right to simply force the measure through as a presidential decree.

For the moment he has stepped back from a further stage in what some observers describe as "the creeping authoritarianism" of the Menem administration. Much of President Menem's economic reform programme, including his wide-ranging privatisation schemes, was introduced by decree, and only after considerable haggling sanctioned by Congressional majority.

However, he has shown that he can and will dispense with Congress in order to implement his overall economic adjustment programme. But in today's Argentina no one is certain that that particular end justifies this particular method.

Dinkins appeals for end to racial attacks

MAYOR DAVID DINKINS condemned "eye for an eye" violence after a gang of blacks attacked three Vietnamese they mistook for Koreans, fracturing one man's skull just blocks from a black boycott of two Korean stores, AP reports from Washington.

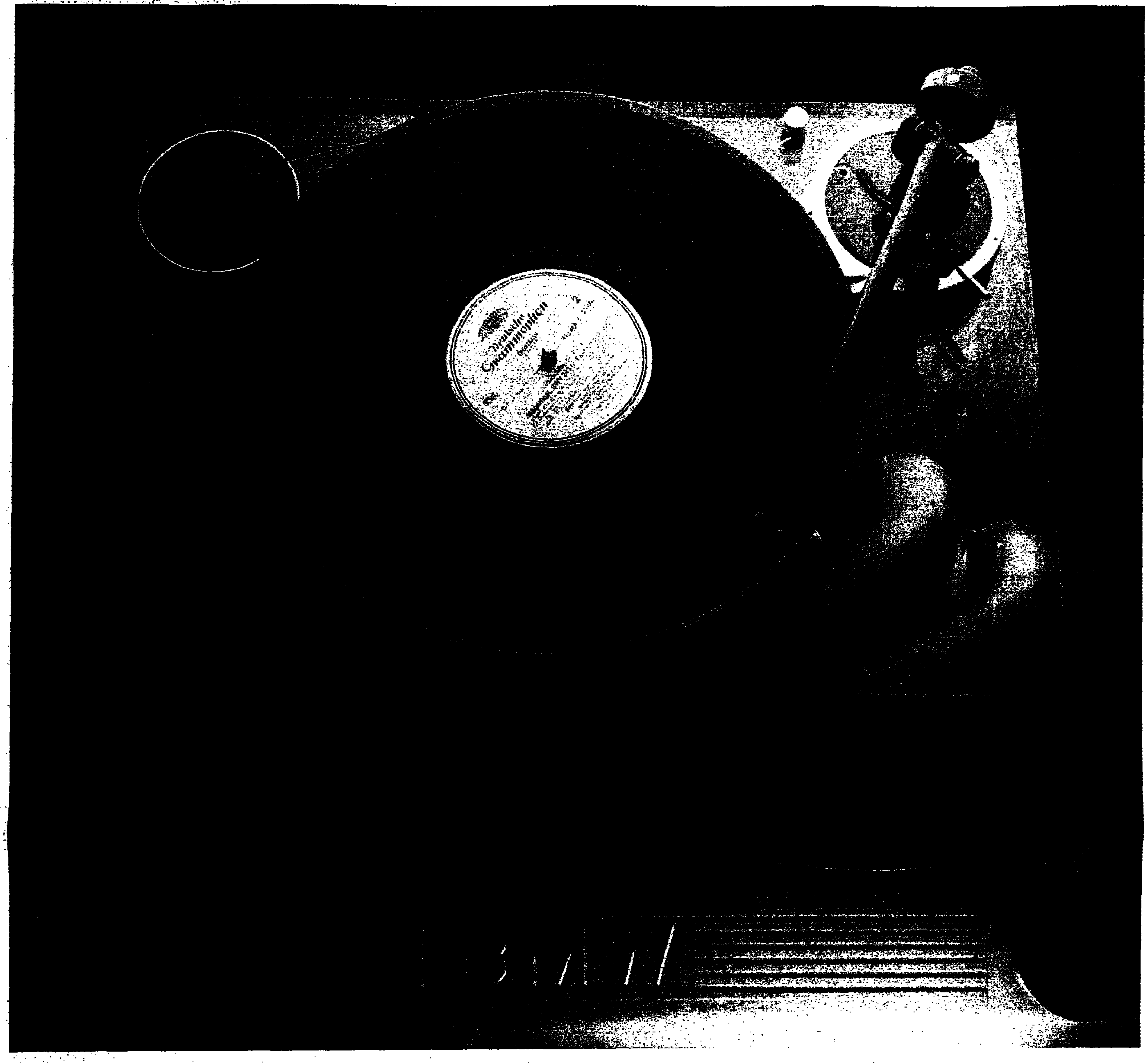
The attack in Brooklyn early on Sunday was the latest in a string of incidents that have heightened racial tensions in the city.

"An eye for an eye, a tooth for a tooth, will leave us all toothless and blind," the mayor said in his second appeal for racial calm since Friday.

The Vietnamese men were set upon by 10 to 15 blacks shouting anti-Korean slurs, authorities said. Tuan Ana Cao, 36, was hit with a baseball bat and was hospitalised under guarded yesterday with a skull fracture.

A few blocks away, two Korean-American grocery stores have been boycotted by blacks since Jan 18, when a black woman allegedly was roughed up by Korean workers in one of the stores after she refused to let them look in her purse. She had claimed she did not have enough money to pay for all her purchases

As the mayor spoke on Sunday, two juries in Brooklyn were deliberating charges against two young white men accused of murdering a black 16-year-old who had entered the mostly white Bensonhurst section to look at a used car on August 23.



Recently in the BMW workshops a rather unusual experiment took place.

Its aim was to prove a simple law of physics: that a 6 cylinder engine is in perfect balance, and therefore always runs more smoothly than a conventional 4 cylinder.

The method of the experiment was simple, even if a little out of the ordinary.

Under the critical eye of an RAC observer, a record deck was placed on a four cylinder, 2 litre engine, which was run at 2000 rpm.

The 'Magnificat BWV 243' was jumping so much, Johann Sebastian Bach himself would barely have recognised it.

The same record deck was placed on a 2 litre, 6 cylinder engine.

It had to be a BMW, as no other manufacturer currently offers one in the UK.

At 2000 and 33⅓ rpm respectively, both the engine and the record revolved without the slightest hint of a jump.

Not content, the engineers tested the engine at 3000, then 4000 rpm with exactly the same result.

(For the record, 4000 rpm is the equivalent of 83 mph on the Autobahn.)

You'd be forgiven for thinking BMW have made the choice of which 2 litre engine a foregone conclusion.

There is still the matter of choosing the body style.

Firstly, there's the 520i, a car that 'Motor' magazine described as "a superb executive saloon" with "superlative mechanical smoothness."

Then there's the equally impressive 320i. Which comes with 2 or 4 doors, both of which are available in Special Equipment form.

After last summer, the benefits of the Convertible model hardly need mentioning.

And with 5 doors, in its Touring guise for those whose needs run to 39.7 cubic feet of luggage space.

But which ever 6 cylinder BMW you finally choose, you'll discover something about everyone else's 4 cylinders.

They're just not up to scratch.

THE ULTIMATE DRIVING MACHINE

THE 320i RANGE STARTS AT £14,985 FOR THE 320i TWO DOOR. THE 520i COSTS £18,000. PRICES, CORRECT AT TIME OF GOING TO PRESS, INCLUDE CAR TAX AND VAT AND FREE 1200 MILE SERVICE BUT NOT DELIVERY AND NUMBER PLATES. INCLUSIVE DELIVERY CHARGE INCORPORATING BMW EMERGENCY SERVICE £257 + VAT. ALL BMW MODELS (EXCL. 6 SERIES) AVAILABLE WITH CATALYTIC CONVERTER AS AN OPTION EXCEPT WHERE FITTED AS STANDARD. FOR A 3 SERIES OR 5 SERIES INFORMATION FILE, PLEASE WRITE TO BMW INFORMATION SERVICE, PO BOX 46, HOUNSLOW, MIDDLESEX (LITERATURE REQUESTS ONLY) OR PHONE 081-897 6665. FOR TAX FREE SALES PHONE 071-629 9277.

UK NEWS

Buoyant demand adds to fears of British inflation

By John Authers

CONSUMER demand remains obstinately buoyant in the UK, according to figures released yesterday.

The news that retail sales are still rising, coupled with a higher than expected rise in output prices, did nothing to ease worries about inflationary pressure.

Provisional figures released by the Central Statistical Office showed a 1.0 per cent in retail sales for April, compared with a consensus market expectation, according to research by MMS International, of 0.4 per cent.

Sales volume over the last three months, which is less subject to seasonal variations, rose by 1.0 per cent compared with the previous three-month period, and by 1.6 per cent since the equivalent period in 1989.

Year-on-year sales growth is picking up. At 2.14 per cent it is significantly higher than last year, when it hit 0.17 per cent in July, but well below the levels of January 1988, when volume growth stood at 9.64 per cent.

Mr Roger Bootle, of Midland Montagu, said that these figures told a "slightly disturbing story: it is clearly not surging away but at this stage the figures should be more depressed than this, regardless of seasonal factors."

Analysts were less negative than they might otherwise have been because the figures were seen as seasonal. Mr Neil McKinnon, the chief economist at Yamaichi, said: "It's perhaps a rather misleading number in that it's affected by the time of Easter. I don't regard this as any indication that the consumer in the High Street is now overspending again."

Unit labour costs are now seen as vital in the fight against inflation, and Thursday's figures on unemployment and average earnings will be awaited anxiously.

Government seeks to calm fear of spread in 'mad cow disease'

By Bridget Bloom and Clay Harris

MINISTERS continued to insist yesterday that the UK Government had done everything necessary to protect the human food chain and to control the spread of "mad cow disease."

It faces mounting criticism from opposition parties as well as some local authority officers who have to enforce the regulations on the slaughter and disposal of cows affected by the disease, bovine spongiform encephalopathy (BSE).

Despite the row over BSE gaining new life after last week's post-mortem discovery of a similar disorder in a pet cat, leading supermarket chains said they had seen no evidence of reduced purchases of beef because of the scare.

The meat industry also went on the offensive. Mr Colin McLean, technical director of the Meat and Livestock Commission, which is funded by a levy on producers, said consumers were in danger of being unnecessarily alarmed.

Mr David Maclean, the Food Minister, said the measures had been based on the scientific advice from two independent committees, one of which had recommended a wide ranging research programme also now being implemented.

The Government, which believes that the most likely cause of BSE is from cattle feed which includes the remains of scrapie-infected sheep, last year banned the use of such feed for cattle, though not for pigs, poultry and other animals.

IRA bombing attack on 'soft' target may herald campaign

By Jimmy Burns and Emma Tucker

YESTERDAY'S bomb attack on a Ministry of Defence establishment in London may mark the start of an intensified bombing campaign against "soft" military targets, police warned last night.

Seven people were injured when a bomb exploded outside the Directorate of Army Education in Eltham, south east London, an office complex staffed partly by civilians. The Irish Republican Army claimed responsibility.

Mr Archie Hamilton, the Armed Forces Minister, described the attack as "absolutely despicable" and said security would be reviewed again.

Commander George Churchill-Coleman, head of Scotland Yard's anti-terrorist squad, warned: "This may only be the start of several further devices going off in different parts of the country." He warned military personnel and those involved in Irish affairs to be on the alert.

The device contained 10lbs of plastic explosive, possibly Semtex and was buried in a flowerbed next to the front entrance of the building. The bomb's timer could have been set hours or days before the explosion.

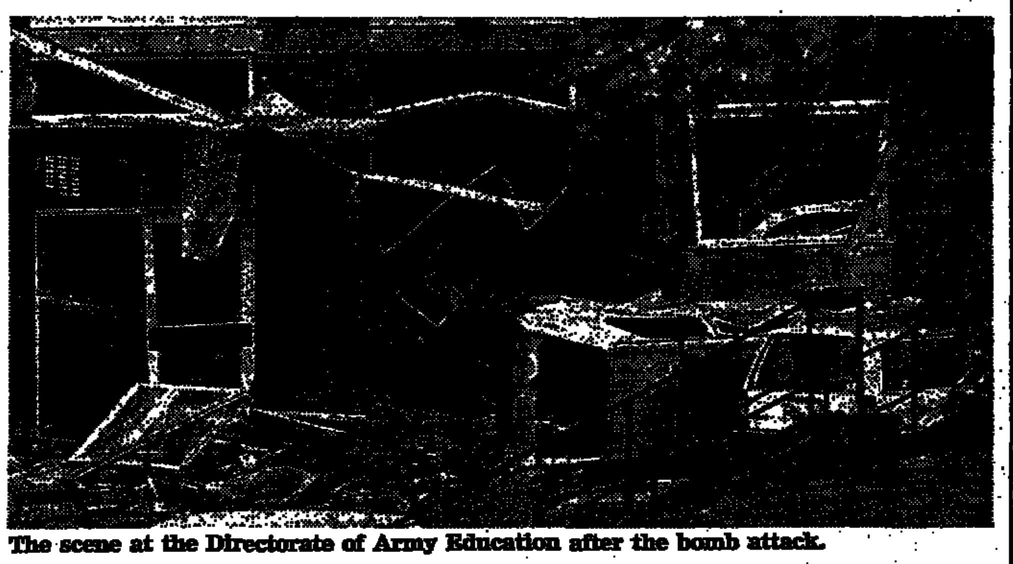
The Ministry of Defence said security had been recently enhanced at the establishment – an office complex which employs more than 100 staff, two-thirds of them civilians, who administer the army's education services.

The premises were guarded by MoD security staff, but not soldiers.

The MoD said it was spending £126m to improve security at military establishments in Britain.

Security at military establishments throughout Britain has been stepped up in reaction to the IRA campaign, the worst example of which was last September's bombing of the Royal Marines' School of Music in Deal.

In the past four years, improved intelligence has led to many of those responsible for the IRA's operations being arrested or killed. But material used in yesterday's bombing, and the surprise nature of the attack, shows the IRA again capable of eluding the security forces, and inflicting damage on life and property.



The scene at the Directorate of Army Education after the bomb attack.

EC warned of nationalist threat

By Alison Smith

MOVING towards European union was like taking a "train to disaster", which could lead to "the destructive power of nationalism" destroying what the European Community had achieved, Mr Norman Tebbit, the former Tory cabinet minister and influential backbencher, warned yesterday.

"The gravest danger facing Europe is not that Britain would drag its feet and ruin a great European dream but that the Euro-enthusiasts will foolishly unleash the destructive power of nationalism and destroy all that has so far been created," he said.

He told the American Chamber of Commerce that the more power was ceeded by the nation states to the European Commission, the more success in the increasingly important European elections would depend on securing "Euro-goodies" such as regional aid – on "success in raiding the European pork barrel".

This would lead to coalitions of EC member states joining together to re-distribute German wealth, with the result that "German nationalism and a sense of grievance that would explode and tear apart that European Community we have worked so hard to build up".

BRITAIN IN BRIEF

Marks and Spencer profits up

Marks and Spencer bucked the domestic retailing downturn by announcing a 14 per cent increase in pre-tax profits during 1989-90 – from £529m to £604m.

Turnover rose 9.5 per cent to £5.61bn in the year to March 31 and earnings per share from 12.9p to 14.5p. A final dividend of 4.55p was recommended, making 6.4p for the year.

Lord Rayner, the group's chairman, said the quality and value of M and S products, as well as the cash generative strengths of the business, had helped protect it against the retailing slump. He pointed out that the company had managed to reduce its net debt from 27 per cent of shareholders' funds to 17 per cent, despite capital expenditure of £280m funded from the retailer's own resources.

Lord Rayner said M and S would continue to add retail space. Last year, the group increased sales floor space in the UK and Ireland to 9.2m sq ft.

M and S is also expanding its European activities, adding new stores in France, where the group recovered from last year's transport strike, and moving into the Netherlands for the first time. Lex, Page 24

Pub prices survey

The Office of Fair Trading is to survey 2,500 pubs throughout the country to monitor the effects of Government orders aimed at increasing competition in the supply of beer, wines, spirits and soft drinks.

The report on purchasing patterns will provide base-line information for a later review by Sir Gordon Borrie, Director General of Fair Trading, of progress towards more competition, wider consumer choice and lower prices.

Strangeways enquiry opens

Lord Justice Woolf, opening the inquiry into last month's prison disturbances in London, said he hoped it would lead to "sensible, reasonable and practical recommendations" to improve the prison system.

The first stage of the investigation, beginning next month, will look at the particular troubles at

Lord Justice Woolf

Strangeways Prison, Manchester, and elsewhere. A second stage will consider recommendations for the future.

Ban call on low flying jets

Very low flying by military jets should be phased out in the UK within two years and the need for more routine low-level training may be reduced in the longer term.

These are among the main conclusions in a report published by the Commons Defence Committee after an extensive enquiry into the controversy over low-flying and the nuisance it causes.

The report accepted the Royal Air Force's argument that aircrew needed to practise at low level to be able to evade enemy air defences, and said it would be "the height of folly" to cut training regardless of the military situation.

Low-flying movements doubled to more than 247,000 a year between 1978 and 1988. Fast jets accounted for more than 80 per cent of the total.

Insurance still going strong

New business transacted by life companies operating in the UK continues to remain strong, with no sign yet of the predicted new business downturn.

Figures issued by the Association of British Insurers, at the start of its Insurance Week, showed that in the first quarter, new annual premium business increased by 15 per cent on the corresponding quarter last year from £652m to £749m, while single premium business rose nearly 60 per cent from £1.21bn to £1.89bn.

Pensions business remains particularly buoyant, despite an apparent drop in sales of personal pension policies used to contract-out of the State Earnings-Related Pensions Scheme.

Builders call in receivers

The fragile state of the housing market was underlined when two builders – one in the south-east of England and the other on Tyneside – called in receivers.

Federated Housing, a Surrey-based builder specialising in first-time homes, said it was expecting a significant loss in 1989 after making provisions against its land bank of some £7m.

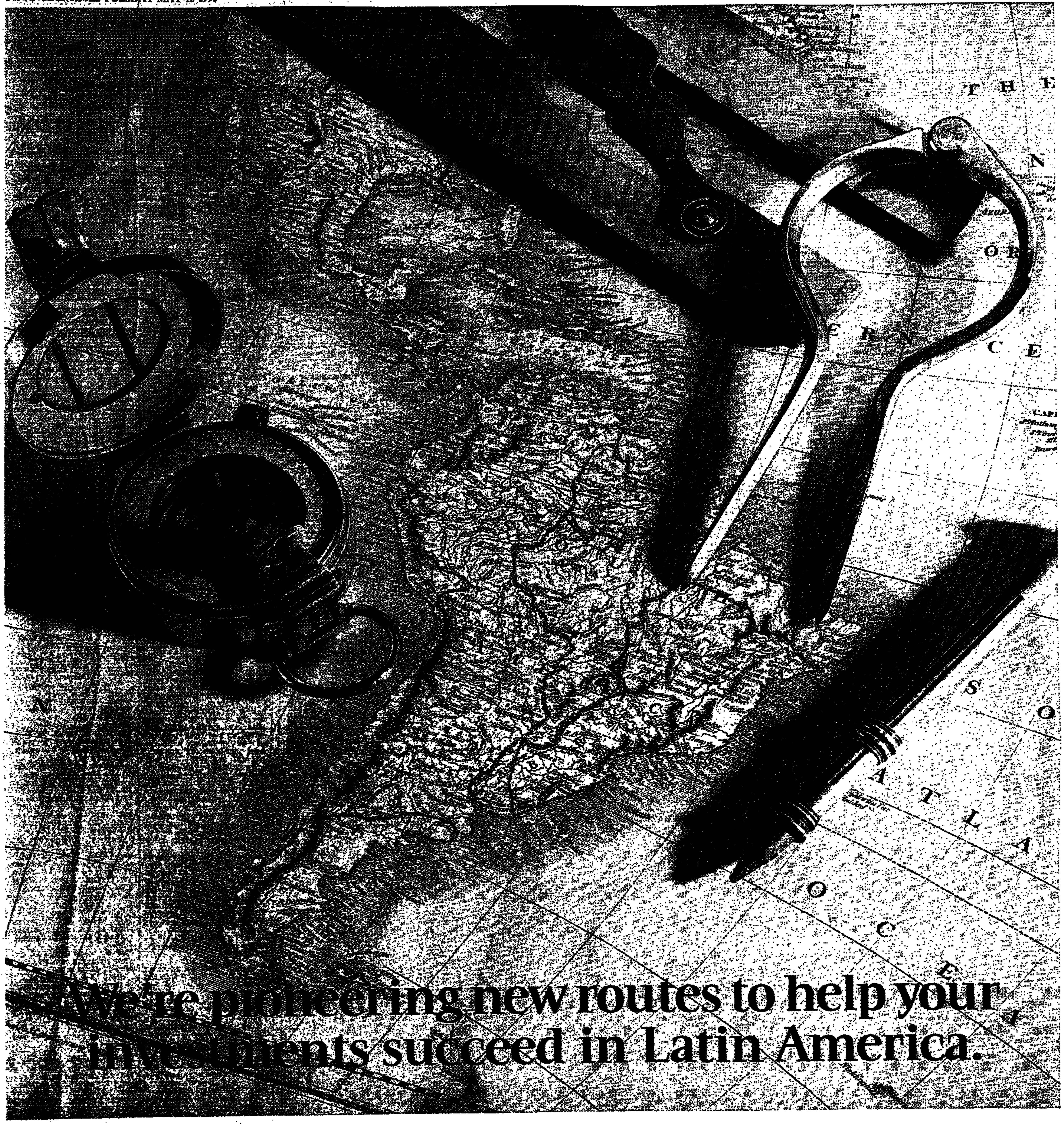
Stanley Miller Holdings of Newcastle said Ernst and Young had been appointed as receivers by its bankers, National Westminster, after talks with prospective buyers broke down.

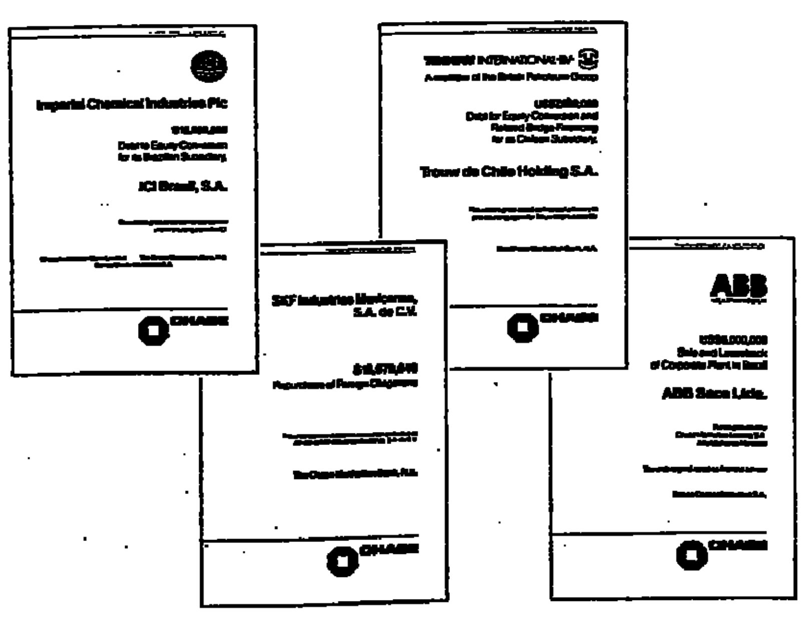
Several property developers and contractors have failed so far this year, including Rush & Tompkins, Declan Kelly, Brims Holdings and J M Jones.

Murdoch chair at Oxford

Mr Rupert Murdoch, media tycoon and politics, philosophy and economics graduate of Oxford University has endowed the Rupert Murdoch Chair in Language and Communications at his alma mater.

The more than £3m deal includes no less than three Times lectureships and a £500,000 News International Research Fund.


We're pioneering new routes to help your investments succeed in Latin America.



Ford UK profits slip 28% in spite of record sales

By Kevin Done, Motor Industry Correspondent

THE UK operations of Ford of the US, the world's second-largest car maker, suffered a 28 per cent fall in pre-tax profits last year to £483m from a record £673m a year earlier.

The drop in Ford UK profits occurred in spite of record sales of cars and commercial vehicles. Last year was still Ford's second most profitable year of the decade.

It reflected in part the cost of Ford's leading role in the increasingly fierce battle in the new car market, as makers battle to maintain their market share in the face of falling sales.

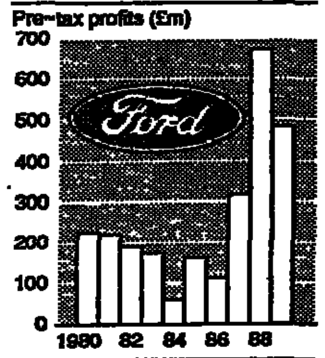
The weakness of sterling also increased the cost of imported vehicles and components imported by Ford. Some 39 per cent of Ford's UK new car sales were imported last year.

Part of the fall in pre-tax profits came from the financial effect of the Jaguar acquisition in the final months of last year, as net interest income of £65m in 1988 declined to £16m last year.

Ford remains a big factor behind the UK motor industry's £6.5bn trade deficit, in spite of a 14 per cent rise in the value of its exports to £1.67bn last year. Ford refuses to disclose the value of its imports.

Ford UK

Pre-tax profits (£m)



Ford UK was also affected by a £29.7m pre-tax loss incurred at Ford New Holland, its tractor-making subsidiary, which suffered substantial losses in Venezuela. Sales collapsed after the devaluation of the Venezuelan bolivar and it was forced to ship more than 600 tractors back to its UK plant in Basildon.

The fall in Ford's UK profits stands in stark contrast with the good financial performances last year of Vauxhall, the UK subsidiary of General Motors of the US, and Peugeot Talbot, the UK subsidiary of Peugeot of France.

Demand for new cars began to weaken in the final quarter last year in the face of high interest rates and the economic slowdown. Ford, like its rivals, has responded with costly marketing campaigns, increased advertising, inexpensive financing and higher-specification cars at unchanged prices.

Mr Derek Barron, chairman of Ford Motor, the UK subsidiary, said Ford's reduced profits were "convincing proof of the increasing levels of competition we face".

Ford's performance last year was "inadequate to meet the challenges of intensifying competition, rising costs and the slowing down of consumer spending generated by high interest rates," he warned.

Britain is the company's biggest single market in Europe. Ford held its share of the car market virtually unchanged at 26.5 per cent in 1989, while sales rose by 4.3 per cent to 608,717. Ford also dominates UK light commercial vehicle sales, with 47.5 per cent of all 1989 medium van sales.

UK car production rose 1.9 per cent last year to 382,581, while commercial vehicle output rose by 8.4 per cent to 143,971. Ford said that it lost production of 5,399 vehicles in industrial disputes in the final months of 1989.

Commercial vehicle sales declining

by John Griffiths

THE UK commercial vehicle market deteriorated further last month, with the worst monthly fall since sales began slipping away from the record levels of last autumn.

Some heavy truck makers are recording only about half the sales made in April last year.

The downturn, which is causing short-time working throughout the truck industry, is affecting in varying degrees all types of commercial vehicle except light four-wheel-drive machines.

Statistics from the Society of Motor Manufacturers and Traders show total commercial vehicles sales last month were 20.2 per cent down on the 33,581 sold in April 1989.

Warnings by Mr John Major, the Chancellor, that interest rates are likely to remain high for some time, combined with the slowing economy, have led to many prospective buyers postponing purchases.

Scania's sales for the month were down by 32.25 per cent and those of Volvo fell just under 40 per cent. Iveco Ford and Leyland DAF, the two market leaders in the over 3.5 tonnes sector, fared relatively well last month, each experiencing a sales fall of only about 16 per cent.

Ford and Rover initiatives in skills training in the UK motor industry

Car maker imports US university staff

By John Gapper

FORD of Europe has reached an unusual solution to the problem of training some of its top engineers in advanced electronics skills.

It has moved an entire American university degree course to England, complete with resident professors.

The company has imported the course from Wayne State University, Michigan to its research and development centre in Dunton, Essex. With it comes a professor from Wayne State who stays for a semester before returning to the US.

The graduate engineers, who will study two mornings a week for two years, will receive a Wayne State Masters degree in electronics and computer control systems.

They will go on to work on developing power train units for Ford cars.

The company has imported the degree because it wanted British engineers to receive the same training as engineers from its base in Detroit, Michigan. It also believed there equivalent course of the same quality in Britain.

A further 11 engineers from Dunton are due to start the course this September.

The company is also planning to establish a similar course at Achen University in West Germany for engineers at its centre at Merkenich, Cologne.

The professors from Wayne State who come to Britain to teach the course at Dunton each stay for a single semester.

The training at Dunton is part of a broader effort to recruit and train more advanced electrical engineers.

The company has just started a recruitment drive for 200 more such graduate engineers in Britain.

The course at Achen University is to be taught by resident tutors, although it will be the same as the Wayne State course and the German graduate engineers will also receive a degree from the American university.

Ford said yesterday that it had decided to import the course to ensure that all its advanced engineers in Europe had the same training as those in the US.

Japanese challenge prompts skills deal

By Michael Smith, Labour Correspondent

ROVER Group, the vehicle manufacturer, yesterday launched the Rover Learning Business, a "business within a business" aimed at helping to co-ordinate the training needs of the company's 40,000 employees.

The launch coincided with the introduction of an "assisted learning programme", through which employees will be offered up to £100 towards the cost of learning courses, not all of which need to be directly job related.

Rover is also offering Developing Management Skills, a programme which offers a range of opportunities for all employees, including shopfloor workers, to learn management skills.

Mr Rob Meakin, group personnel director, said the initiatives had been made in the light of demographic changes, which are reducing the number of 16 to 19-year-olds, and the competitive challenge from companies such as Nissan and Toyota.

"We have to be attractive to recruit and retain the right people," he said. "We also need more contribution from the existing workforce."

Rover Learning Business, which is backed by a group training budget of about £30m a year, will operate in partnerships with academic institutions including Warwick University, City University and Leeds Polytechnic, which will help provide some of the courses.

Its main product will be the design, development and production of training programmes and materials in response to the demand of Rover employees.

The training departments of each Rover plant will act as "franchises" to RLB. Managers will also be encouraged to take a greater interest in training development.

Among the courses which are not directly related to work is one on Japanese language. Taught by employees of Honda, the Japanese vehicles group with which Rover has a joint venture, it is providing lessons for 80 Rover workers and there is a waiting list.

UK shares turnover drops 10%

By Richard Waters

THE sluggish nature of the UK equity business and buoyant mood in the international equity market were confirmed yesterday by the latest quarterly bulletin from London's International Stock Exchange.

In UK shares, average daily turnover in the first quarter of this year was 10 per cent lower than in the previous three months. The amount of business conducted by customers (rather than between market makers) was down 8 per cent at £807m a day.

Activity in the current quarter is likely to be lower still. During April, which is not covered by the survey, daily business was a further 10 per cent down on the first quarter's average, at £1.1bn, while customer business fell another 7 per cent, to £750m.

In international equities, meanwhile, activity exceeded that in UK shares for the first time, with an average of £1.48bn in shares traded in London every day in the first quarter. Comparisons with the previous period are hampered by an extension in the reporting requirements for such trades.

The amount of money raised on the stock market also declined in the first quarter. At £5.8bn, it was considerably lower than the £7.6bn of the corresponding period last year and the £9bn of 1988 - although the 1988 figure was boosted by a £4bn worth of gilt edged stock.

Quality of Markets Quarterly, January-March 1990, ISE, £16.

● Smith New Court, a leading market makers, narrowed the spreads between its bid and offer prices in second and third division (beta and gamma) stocks in a move which could lead to more competitive pricing throughout the market in such shares.

According to Mr Tony Abrahams, head of market making, the move was prompted by spreads of 5-10 per cent in the prices of some shares, which has helped to drive business away from the stock market.

The decision to make more competitive prices does not herald a new price war between market makers, he said. Market makers are still smarting from losses incurred during a fierce price war in the largest, alpha stocks in the second half of 1988.

GUINNESS TRIAL

Lyons told to keep Roux's 'mouth shut'

By Raymond Hughes, Law Courts Correspondent

EIGHT days after trade department inspectors began investigating Guinness Sir Jack Lyons was asked to get Mr Olivier Roux, the company's director of finance, to "keep his mouth shut", the jury at Southwark Crown Court heard yesterday.

Interviewed by the inspectors Sir Jack said that on December 8, 1986, Mr Thomas Ward, a US lawyer and Guinness director, had telephoned him from Washington.

"Mr Ward was very concerned... that I should use my influence at Bain & Company" (Guinness's management consultants, of which Mr Roux was an employee) "to curtail Mr Roux talking too much," Sir Jack said.

Sir Jack said he had replied that he was purely an adviser to Bain and "I do not believe that I have any influence - even if I was prepared to follow through with your request – but I will have a word with Roux so that I know what you are talking about."

Mr David Donaldson, QC, one of the inspectors, suggested that, "roughly speaking", what he had been saying was, "Can you please talk to Mr Roux and get him to keep his mouth shut." Sir Jack agreed that "in plain language that is probably correct."

When he had spoken to Mr Roux he had said, "I am not surprised, but I am determined to, and I have in fact already done so."

Had Mr Roux expressed any view about his own conduct ? Mr Donaldson asked.

Sir Jack replied: "He said, 'I have done nothing wrong. I had no benefits out of this at all other than my job. ... I feel that I have been...certainly guilty of being naive, which I have no right to be, but I do not intend to be naive any more'."

Transcripts of Sir Jack's interviews with the inspectors were read on the fiftieth day of the trial in which he, Mr Saunders, former Guinness chairman and chief executive, Mr Gerald Ronson, Heron group chairman, and Mr Anthony Parnes, a City stockbroker, deny charges arising from an allegedly unlawful share support operation mounted by Guinness during its takeover battle for Distillers.

The trial continues.

Package tour bookings overseas 'to fall by 1m'

By David Churchill, Leisure Industries Correspondent

BRITAIN'S package tour operators expect to sell almost a million fewer continental holidays in the year to next April, according to figures released yesterday by the Civil Aviation Authority.

The CAA is responsible for licensing charter airlines and applications by tour operators often under-emphasise the demand.

The planned 6.6 per cent – or 917,000 – fewer holidays on offer, therefore, suggest that the cut-backs in capacity this summer will continue into next winter.

Demand for package holidays this summer is about 20 per cent below last year's level of demand. The expectations among travel companies is that demand for winter holidays next year will be static or below this year's level.

The CAA figures show that Thomson Holidays, Britain's biggest tour company, plan to sell 3.03m holidays in the next year compared with 3.65m in the past 12 months.

International Leisure Group Travel, the second largest operator, are seeking licences for 1.78m holidays, compared with 2.43m last year.

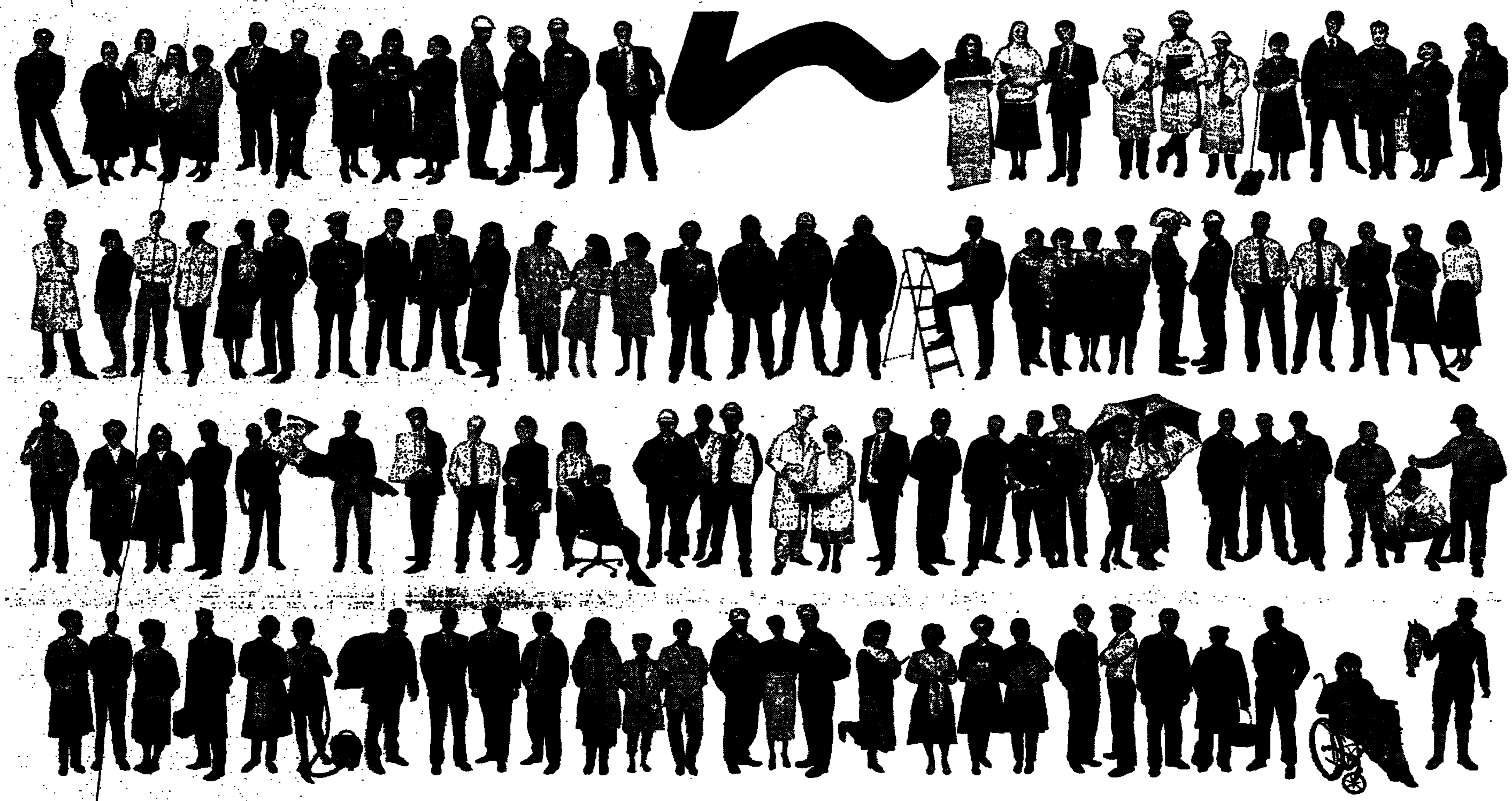
The CAA points out that in spite of the cut-back in holidays planned, tour operators expect to increase revenue by 2.6 per cent to £98m.

The 40 largest tour operators, according to the CAA figures, account for 11m licensed holidays, just under 45 per cent of the total.

The top three companies – Thomson, ILG, and Owners Abroad – account for 61 per cent of the total.

TEES/SIDE

THE RESOURCEFUL GIANT



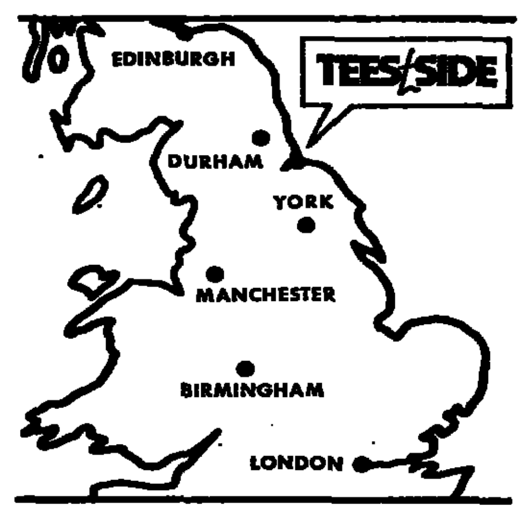
Skilled in meeting your working needs

People – the vital ingredient in making a business work. Teesside has an abundance of them; a working population of 200,000 in a conurbation of 600,000. With a reputation for loyalty and hard work, and a tradition of working in industry going back over many generations.

Teesside's well-established industries are still very important – in fact the area has one of the largest petro-chemical complexes in the world and many of the North Sea's oil platforms are built in its yards – but newer industries are also finding the skills and capabilities they need on Teesside. Backed by the education and training resources of Teesside Polytechnic and seven further education colleges, a plentiful supply of graduates, technicians, management-trained and craft-based people is readily available.

Teesside's rapidly-broadening economy now includes electronics, food processing, clothing manufacture, plastics, furniture, distribution and business services, in addition to well-established engineering and fabrication operations.

Teesside has many benefits to offer the growing business; a variety of premises and sites, *financial assistance, good communications*, and the vital ingredient – a dedicated workforce, skilled in meeting your working needs. To find out more contact: **Duncan Hall, Chief Executive, Teesside Development Corporation, Tees House, Riverside Park, Middlesbrough, Cleveland TS2 1RE. Tel 0642 230636. Fax 0642 230843.**



TEES/SIDE

Initiative Talent Ability

FT LAW REPORTS

Gloucester trader loses market stall for breach of City's licence

GLOUCESTER CITY COUNCIL v WILLIAMS AND OTHERS
Court of Appeal
(Lord Justice Fox, Lord Justice Parker and Lord Justice Ralph Gibson):
May 3 1990

THE OWNER of a franchise market has no obligation to provide stalls for vendors, but *if he does so he is entitled to* stipulate conditions of trading and to restrict the type of goods sold, in the absence of contrary custom or contrary provision in the statute or charter under which the franchise was created.

The Court of Appeal so held when dismissing an appeal by the first defendant, Mr Gary Williams, from a decision by Judge David Smith QC ordering the plaintiff, the City of Gloucester, to take possession of a market stall held under licence by Mr Williams and his brothers, Paul and Dean.

LORD JUSTICE FOX said that in 1555 Mary Tudor allowed the City of Gloucester to continue to exercise the office of *Queen's Clerk to the Markets.* The Charter of 1672 endorsed the City's right to hold markets.

A market building, owned by the City, was opened on a new site in Eastgate Street in 1958.

The degree of control necessary to effect the City's purposes was achieved by the grant of licences to stallholders. A licence was granted for a specific trade, and regulated the class of goods which could be sold from each stall.

When the new building was opened the City agreed with former market traders that it would allocate licences to ensure that the balance of trade remained the same as previously.

In 1972 Mr Gerry Williams became the licensee of stall 39, licensed to sell general greengrocery.

It was a large stall quite close to stall 41 where a Mrs Trottman sold shellfish. In 1978 she nominated Mr Williams as her successor.

No trader was allowed to occupy two stalls. On June 30 1978 the City granted a licence to Mr Williams's three sons (the defendants) to occupy stall 41. They were licensed to use it "on the terms herein".

By paragraph 3(o) of the licence the defendants agreed to use the facilities for the sale, storage and preparation of "high class salads."

In fact it was Mr Gerry Williams who ran stall 41. He ran it with stall 39 as one business. There was a clear distinction between the two stalls to begin with, but as time went on the distinction became blurred.

In 1984 Mr Williams sold the goodwill in stall 39 to a Mr Carter for £19,000. Mr Carter found that stall 41 was trading in direct competition with him in the sale of general vegetables. He complained to the City.

On February 4 1985 the City gave the defendants notice to quit. In default of agreement on items to be sold the notice to quit was to stand. A list of 18 items was agreed by Mr Gerry Williams on the defendants' behalf as an interpretation of "high class salads" in paragraph 3(o).

Mr Gerry Williams and the defendants did not abide by the agreed list and on October 2 1987 the City served further notice to quit in respect of *breach of paragraph 3(o).*

In the Gloucester County Court Judge David Smith QC ordered that the City take possession of stall 41. The defendants now appealed.

The question was whether as a matter of the law of market franchises, the City was entitled to impose terms on a stallholder as to what goods should be sold from his stall.

The defendants contended that a franchisee had no power to limit the class of goods to be sold from a stall, unless the power was expressly conferred by the charter or statute creating the franchise.

It said that a franchise market, such as the Eastgate Market, had the following regime of rights:

(a) the franchisee enjoyed: (i) a six and two thirds miles monopoly (see *Manchester Corporation v Walsh (1985) 50 P & C 409*); (ii) a right to tolls and, in the case of a landowner, stallage (i.e. a charge for stalls);

(b) the public had the benefit of a market overt;

(c) the individual had a common law right to come into the market for buying and selling.

The City as franchisee, it was said, was obliged at Common Law to provide sufficient accommodation for the public to buy and sell. If the franchisee failed in his obligations he risked repeal of the franchise.

Those propositions of law, accepted for the purposes of the argument, did not assist the defendants' case.

The land on which the Eastgate market was held was the City's property. *Prima facie* at *Common Law* a landowner was entitled to exact from a person who wished to have the privilege of occupying his land, such consideration and such terms as he thought fit.

Thus, the landowner could fix a payment and, in the case of premises to be *used for trad*ing, could stipulate conditions as to the trade which might be conducted.

Accordingly, the landowner could restrict the type of goods to be sold by a licensee.

The question in the present case was whether there was any rule of the law of market franchise which displaced the general law.

There was not. A franchisee was entitled to charge stallage if he provided stalls, but there was no obligation on him to provide stalls at all.

In the present case there were no customary, statutory or chartered rights which would displace that law.

The result was that, at Common Law, the owner of the soil was entitled to stipulate such terms as he though fit when granting a licence to occupy a stall. There was no rule of franchise law which prevented that. On the judge's findings, the agreed list of 18 items was incorporated in the licence as identifying the high class salads there specified, and was binding on the defendants

The defendants contended that even if that were correct, paragraph 3(o) was not enforceable.

First, they relied on the doctrine of restraint of trade as invalidating paragraph 3(o).

The limitations in paragraph 3(o) did not come within the doctrine, because at the date of the licence the defendants had no previous right to occupy *stall* 41. *When they took* possession subject to the restrictive provisions, they gave up no right which they previously had (see *Esso Petroleum v Harper's Garage [1968] AC 269*).

Second, the defendants relied on section 20 of the Race Relations Act 1976 which provided that it was unlawful "for any person concerned with the provision of goods, facilities, or services to the public . . . to discriminate against a person . . . (a) by refusing . . . to provide him with any of them . . . "

There was no evidence that the City refused to provide any facilities or services. The City was not "concerned with the provision of goods . . . " It was simply a landowner licensing the use of its land. The point was rejected.

Third, the defendants relied on the Restrictive Trade Prac*tices Act 1976* .

When the new premises were opened the City made a non-binding "gentleman's agreement" with traders that it would not alter the existing balance of trades.

It was contended that the agreement should have been registered under section 1 of the Restrictive Trade Practices Act 1976 which provided that any agreement to which the Act applied by order made under section 11, was subject to registration.

Section 11 provided that the Secretary of State might order that the Act should apply to a class of agreements made "(a) . . . between two or more persons carrying on business . . . in the supply of services . . ."

The gentleman's agreement was not an agreement between "two or more persons" carrying on business in the supply of "services" (or "goods" — see secion 6(1)). The traders were simply selling goods. The City was merely conferring a right of occupation.

The defendants did not succeed in demonstrating that the provisions of the licence were invalid. The judge came to the right conclusion. The City was *entitled to possession of stall* 41.

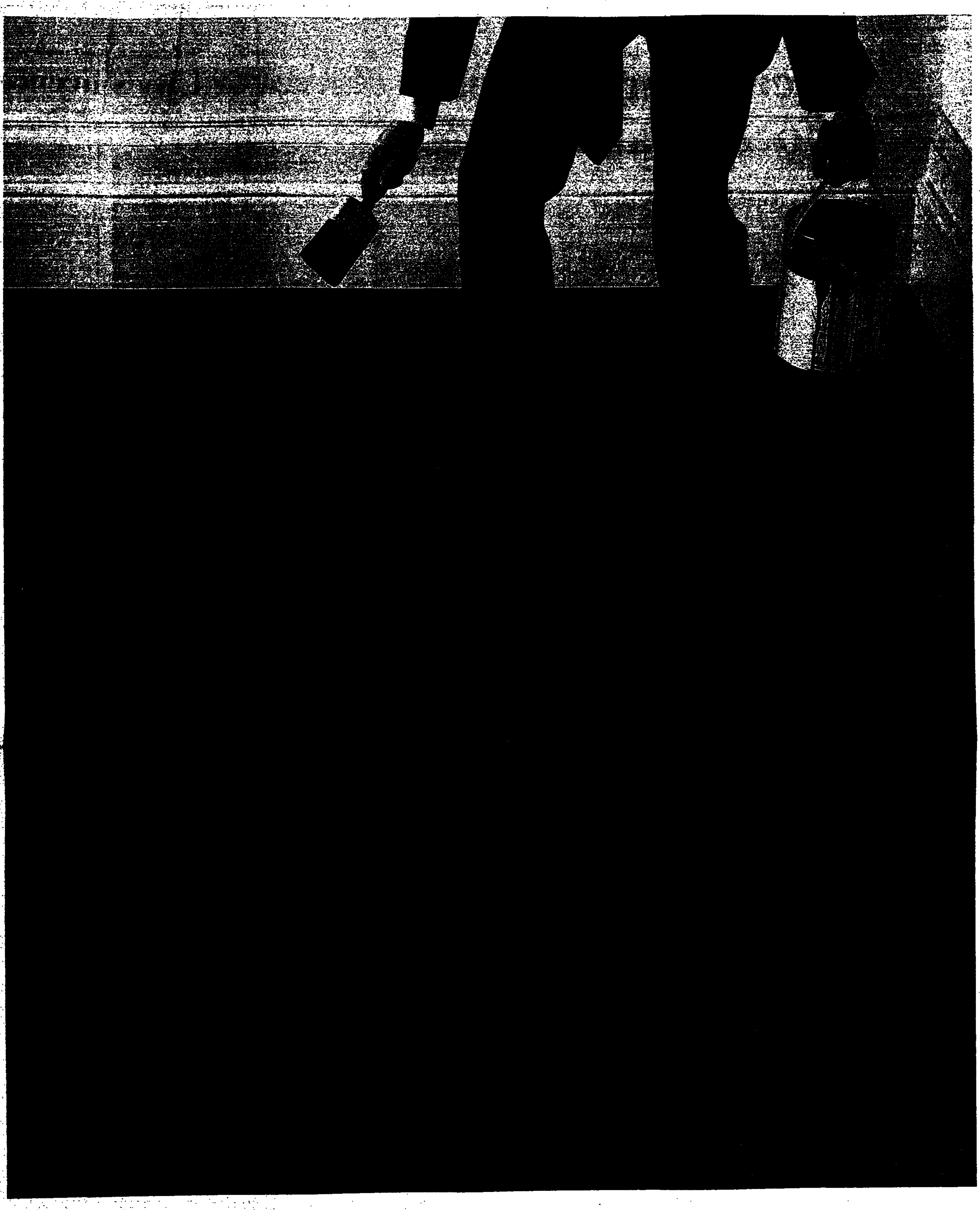
The appeal was dismissed.

Their Lordships agreed.

For the defendants: Leolin Price QC and Roger Evans (Luttons, Gloucester).

For the City: Nicholas Patten QC and Tonia Clark (City Solicitor)

Rachel Davies
Barrister



TECHNOLOGY

Louise Kehoe talks to the people who want to place more sophisticated computer systems in hospitals

A case for screening doctors and nurses

The pros and cons of publicly-funded versus private health care have been the subject of many lively debates, particularly when the focus of discussion is a comparison between the British and US national health systems. Increasingly, the concerns of administrators, doctors and other health-care professionals on both sides of the Atlantic appear to be converging.

British doctors talk about the looming shortage of nurses. "It is a potentially huge problem," says Dr Nigel Offen, consultant surgeon at Whipps Cross Hospital in east London. "By 1995, we will need to recruit 50 per cent of the 18-year-old females with five O levels in the UK into nursing!"

In the US, there is already a shortfall of about 200,000 nurses, and by the year 2000 there will be 600,000 fewer nurses than are needed, according to a report by the US Commission on Nursing.

Rising costs are another common problem. In America, hospital expenses have risen by an estimated 33 per cent over the past three years. More than 80 US hospitals closed their doors in 1988 and the trend is continuing. Experts predict that 40 per cent of US hospitals will have closed by 2000.

Hospital closures and cutbacks are nothing new in the UK, in an era of government pressure to stem rising health care costs.

Another surprising similarity

Eagle eye

between hospitals in both countries is the low priority that many have so far placed on the use of information technology. Although the vast majority of US hospitals use computers to manage billing and related financial applications, only 40 per cent have information systems that address patient care needs.

Even among those hospitals that have automated patient record keeping, for example, few have fully-integrated systems.

"The average hospital information systems environment today has more "sneakernet" than true integration," says Susan Campbell, a partner in the Healthcare Group of Andersen Consulting, a major systems integrator. Sneakernet is a popular term used to describe computer systems that are not electronically linked. Users put on training shoes to rush data from one computer to the next.

"Different departments typically use different systems from different vendors to suit their individual needs. Data entry work is often redundant between departments. Timely communication of information is constrained," says Ms Campbell.

Compared to other service industries, health care is way behind in its use of information technology. Banks, for example, typically spend about 8 to 10 per cent of annual revenues on information technology. The information systems budget for hospitals is typically closer to 2 or 3 per cent.

Economic pressures as well as the growing recognition that information technology can contribute to advancing the quality of health care are now, however, beginning to accelerate the use of IT in hospitals.

An important goal is to improve the productivity of doctors and nurses by reducing the amount of time that they must spend on routine clerical tasks such as filling out forms and transcribing records.

"Forty per cent of a nurse's time is spend doing administrative and clerical chores," according to Jay Toole, Andersen's partner in charge of health care applications.

"We found that you could save an hour a day for each nurse by introducing a computerised clinical record keeping system," says Carolyne Davis, former chairman of the National Commission on Nursing and now a consultant with Ernst and Young. Dr Davis counters the widely held concern that computers make patient care more impersonal. "Reducing the amount of time spent on paperwork allows nurses to focus more on the patients," she maintains.

To obtain the maximum benefits from a hospital information system it must be designed for use by doctors and nurses who typically have little or no computer experience and who may be highly sceptical about the benefits of information technology.

TDS Healthcare Systems, a leading US hospital computer systems company, has developed proprietary "ease-of-use" features to encourage professionals to use its computers.

TDS systems incorporate a "light pen" that allows users simply to point at an item on the computer screen to select it and to quickly scroll through screens of information to create orders for tests or medication from custom-designed menus, or to retrieve results of laboratory tests. Doctors can create displays and formats that suit their day-to-day activities such as listing commonly-used tests.

The core of the TDS system is a "permanent patient record" – a "birth-to-death" medical record which can be immediately accessed when a person is admitted to hospital or visits a clinic as an outpatient. Rather than sifting though what may be a cumbersome – and often disorganised – file of paper, the doctor can easily call up relevant information. Using a graphics and spreadsheet application, he or she can spot abnormal trends from data in the file.

Other features of the system include appointment scheduling and resource allocation, which handle the complex task of managing hospital resources and help to balance workloads.

Saving time – and costs – is the primary task of the hospital information system. US hospitals that have installed computerised patient care systems claim to have reduced their costs per patient per day by as much as 40 per cent.

Less tangible, but perhaps more important benefits of hospital information systems accrue from a reduction in the number of errors that all too frequently are caused by the inefficiencies of hospital record keeping.

Errors in prescription writing averaged 2¼ per day at a large New York teaching hospital, and one in five of the mistakes could have caused severe medical problems or death, according to a recent study published in the Journal of the American Medical Association.

Information systems can also improve communications between different departments in a hospital. Fighting the system – retrieving lost records, battling to schedule tests or arguing over whether orders for X-rays have been delivered – represent major sources of frustration for nurses in busy teaching hospitals, according to nursing administrators.

When disputes do arise over patient care, whether within the confines of a hospital or in the courts, computer records provide clear evidence of exactly what was done, by whom and when. Unlike handwritten records which can be altered or removed, the computer records are automatically dated and any changes to the record are similarly noted.

"Medical auditing" of physicians and hospitals to measure cost efficiencies or identify problems may also be greatly assisted by computerised records. Computerised records of a doctor or hospital can be examined far more quickly and efficiently than voluminous paper records.

Similarly, medical records held on computer disk can be quickly analysed for research purposes to find out, for example, how effective a treatment has been. This could provide an important new form of "decision support" for hospital doctors.

To demonstrate the untapped potential of information technology in hospital health care Andersen Consulting recently created a prototype "Hospital of the Future" permanent exhibition in Dallas.

In the simulated hospital environment, computers from Hewlett-Packard, Digital Equipment, NCR, Compaq and Sun Microsystems are linked on "open systems" networks running applications software from dozens of specialist companies.

In the simulated admitting room, patients' records are opened with medical and financial information which is transmitted immediately to the hospital ward and to the hospital billing department. At the same time, that information is recorded on a "smartcard," which looks like a credit card but incorporates a semiconductor memory chip that can store up to 1,000 pages of text.

When doctors order laboratory tests or medication the patient's records are automatically updated. Nurses can make entries on a patient's record using bedside or hand-held computer terminals, or at a nurse's station.

In the emergency room, computers with handwriting and voice recognition speed entry of critical data. X-ray images are transmitted electronically to multiple sites for review by radiologists and physicians.

Other systems help keep track of operating room schedules and supplies. Physicians also can tie into computer databases, which contain the latest medical research papers.

The technology also reaches into homes through a portable computer than can remind patients what medicine to take when and can transmit that information back to a physician or home health care agency.

"We don't expect any hospital overnight to incorporate all of the technology demonstrated at Hospital of the Future," says Jay Toole, "but they should have an integration strategy which gives them the flexibility to make incremental improvements over time."

WORTH WATCHING

by Della Bradshaw

One computer is better than two

WHEN one company gobbles up another the compatibility of the computer systems is rarely considered. As a result the enlarged company can often end up with two computer systems needing two teams of programmers.

Andersen Consulting has developed a design tool which allows software engineers to write one set of programs to run on either IBM or Bull mainframes, Digital Equipment Vaxs, or OS/2 PCs. The Multi-platform system, as it is called, will also help companies to develop software on one computer and then move it easily to another.

Multi-platform is a layer of software which sits between the proprietary systems software and the software programs which the computer user sees.

Mineral oil measures up

HYDRAULICS are an integral part of machines as diverse as construction diggers and production line equipment. But to keep them all working properly requires a regular flow of clean mineral oil.

One of the problems is how to measure the dirt in the oil in order to predict when the machine needs an overhaul. UCC International, of Thetford in Norfolk, has developed a device which can extract oil from the machine while it is in operation, and measure the contamination level in three minutes.

To use the equipment a sensor is built into the oil-carrying pipe. The CM20 portable unit is then attached to the sensor and extracts a ribbon of oil 125 metres long. Each particle is measured using light, and from this information the computer in the equipment calculates the contamination level.

Executives on the rise

Executive information systems — computer systems designed specifically for company managers and directors — is one of the fastest growing computer markets in Europe, according to Romtec, the computer research company, of Maidenhead.

In the four years up to December 1989 the market in the UK, France and West Germany grew by 273 per cent and in the last year by 72 per cent.

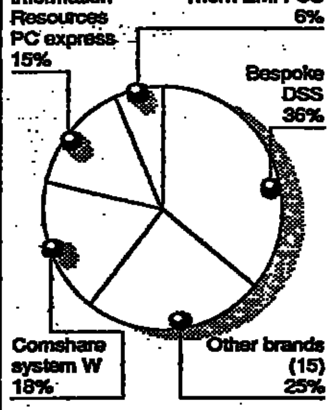
The older breed of decision support systems (DSS) grew by 19 per cent over the last year, but have a much larger installed base — worth £60m.

On the lookout for speeding cars

A REMOTELY controlled camera that can check the speed of vehicles, photograph car number plates and trace drivers has been developed by EEV, of Chelmsford, writes Lynton McLain.

The camera can identify a car from a barcode on the registration plate and within three seconds a computer instructed by the camera can print the car make, type and colour. The camera could be linked with the UK Driver Vehicle Licencing Centre to print a summons to a driver.

DSS brands in use, UK



Source: Romtec

Contacts: Andersen Consulting: US, 372 586 0089. UK, 071 438 5000. UCC: UK, 0842 754251. Romtec: UK, 0628 770077. EEV: UK, 0245 493493.

MANAGEMENT: The Growing Business

Delegating power

When the time comes to bring in an outsider

By Charles Batchelor

Businesses, like children, require concentrated attention in their formative years if they are to reach their full potential. But as a company grows the founder may no longer be the best person to manage that development.

The singlemindedness which drove the business in its early stages may hinder its later expansion when a more structured approach becomes necessary. But persuading the entrepreneur that he or she is not the person to call all the shots is not an easy task.

Some businesspeople may be prevailed upon to bring in specialist managers in fields such as finance or marketing because they recognise their own limitations in these areas. But few are willing to delegate wide-ranging responsibility for running their business to a professional outsider.

One of these rare exceptions is Janet Weitz, founder and chairman of FDS (Market Research) Group, a North London company with sales of £3.6m and full-time workforce of 34 people. Three years ago, when turnover had reached £2m, Weitz decided to step back from the day-to-day running of her business and to bring in a managing director.

Weitz was concerned that outsiders would identify the company too closely with her and see it as "a one woman business." This could have acted as a brake on further growth. She was also keen to have a proper professional management in place for the time when it came to float or sell the company.

The person Weitz turned to was David Dubow, a director of a larger, rival market research company, MIL. Dubow joined FDS as managing director designate in May 1988 and a year later was confirmed as md.

Now 38, Dubow says the move to FDS was an opportunity to gain independence and seniority at a younger age than appeared possible in his previous job.

He has also acquired a 20 per cent stake in the company. Weitz, who owns 69 per cent of the equity, has become chairman and now devotes her time to broader, strategic issues.

Coming to the intellectual and emotional decision to hand over the reins of a business she had run for 14 years was not easy, says Weitz. "You can discuss it round a table and agree that it is right but it is difficult to let go. It is like your baby."

Lengthy discussions with Dubow before he decided to join FDS and the year-long trial convinced her it was the right thing to do and that he shared her view of how the company should develop.

The time was right as well. "I am in my mid-40s now," she says. "I could never have let go in my mid-30s. I can remember when I would not let a piece of typing or a questionnaire go out without checking it."

At first Weitz and Dubow had not decided how long the trial period should last but a professional friend of Weitz's suggested they set a specific date.

He also advised that Weitz move out her office to make way for Dubow as a symbol of the change over. But Weitz liked her office too much and compromised by giving Dubow a larger office elsewhere in the building.

On the day that Dubow became md, Weitz arranged a formal handing over ceremony. "We made a celebration of it and cracked open some bottles of champagne," Weitz recalls. Staff were understandably sceptical that Weitz would actually hand over power after all those years, says Dubow. "But that faded fairly quickly. They could see that Janet and I got on and that we were saying the same thing in a different way."

When Dubow came in to the company he took a close look at its systems and methods of working before suggesting any changes. FDS was organised as an "efficient small company" but some modifications were needed if it were to grow, he says.

Previously research executives operated on their own or in ad hoc groups. Dubow has created working groups with an executive in charge and more junior members to achieve greater continuity and a clearer line of command. He has also chased after more international business, an area where FDS was weak.

Weitz, for her part, has been able to concentrate on longer-term issues and on giving more time to industry-wide initiatives in areas such as carrying out research on the telephone and quality control. She was involved in the recent acquisition of a smaller research company and is considering diversifying FDS into political polling.

Both Weitz and Dubow have been pleased by their initial experience of her decision to share power – Weitz says she would find it very difficult to go back into the day-to-day management of the business – but such partnerships require careful management.

Chris Jackson, founder and chairman of The Christal Group of Companies, a Newbury, Berkshire-based specialist transport group, took a similar decision to bring in a managing director from outside the company several years ago. Christal has since expanded strongly under Jackson, 46, and his md, Dennis Pye, but the combination of strong-willed entrepreneur and big company- trained professional has not always been smooth.

Jackson, a draughtsman by training, founded Christal Cabs in 1967 but later switched to providing a delivery service for computer parts. By the early 1980s Christal was struggling. Turnover had risen but, Jackson acknowledges, he was "not very financially minded" and profits failed to keep pace. Jackson was relieved when he was made an offer by Lex Transport Services but the deal fell through when Lex decided to dispose of its transport operations.

Jackson had been impressed by Pye, who had made the initial approach on behalf of Lex, and asked him to become md backed up by the offer of a 25 per cent stake in the business. Pye agreed to join and Jackson became chairman, taking a back seat and devoting more time to his family.

Trevor Humphries

Janet Weitz, founder and chairman, and David Dubow, now managing director: rare exceptions to the rule

After a year though it was clear to Jackson that the switch to professional management methods was taking longer than he had hoped. A number of middle managers found Pye's insistence on prompt financial reporting and on planning difficult to take; they left.

"I realised that people needed me," says Jackson. He remained convinced that Christal needed what he calls Pye's more "clinical" approach – Pye prefers to call his style "clear cut, objective" – but he felt it needed leavening with a touch of entrepreneurial flair.

"Because of my professional training I weigh all the odds," comments Pye. "The entrepreneur doesn't always do that. He has a gut feel that something is right."

There have been disagreements, both acknowledge. "One has to take a pragmatic view and look to the interests of the company," notes Pye. "We have different skills which complement each other," says Jackson.

Having decided to take a more active role in the company again, Jackson found, like some of his middle managers before him, that it was difficult to fit into the new, more formal structure. "I found myself out of place," he explains. "I wasn't going through the right channels."

This continued for a year or so until Jackson decided he needed to take an even closer hand in the planning of the business. At a board meeting in 1988 Jackson and Pye, together with the company's accountants, Coopers & Lybrand, and its bank manager, met to discuss their thoughts for the company's future.

Jackson took the formal title of marketing director as well as chairman (he has visiting cards made out in both titles) and threw himself into liaising with customers and the corporate image. As a former draughtsman he is working on a redesign of the vehicle fleet's livery.

Calling in a professional manager has not worked out exactly as Jackson had planned but Christal has done well from the partnership. Profits have improved while turnover, which was £300,000 in 1981, has increased to £9m (half contributed by OTP, a recent acquisition which specialises in bespoke packaging for awkward loads).

Perhaps as important Jackson has more faith in himself as a manager. "I had always been over-awed by big company managers," he says. "I always thought it must be easier to run a small company than a a big one. Now I know it is just different."

What the customer wants

Charles Batchelor reports on a guide to marketing

Consider these two approaches to doing business. One businessman decides that electric corkscrews would be a good idea. He decides to make some. In fact, he makes 1,000. He prices them at £10 each and tells his employees: Now let's get out there and sell them!

His competitor approaches matters differently. He says: Let's see if people have any problems opening bottles. Can we develop a product to solve those problems? What do people think of our solution and how much are they prepared to pay for it? Can we make it profitably? Now let's make some and go and sell them.

This distinction between the inward-looking company and its outward-looking counterpart is made in Successful Marketing for Small Businesses by Nigel Hill, one of a four-part series* of small business guides produced by The Royal Bank of Scotland.

The inward-looking businessman assumes that the purpose of selling is to ensure the customer buys the product or service that his company supplies.

His outward-looking, and usually *more successful*, rival believes that the purpose of marketing is to provide what the customer wants. Too many small business founders have a strong emotional attachment to their product and are blind to the requirements of the market place.

The engineer or craftsman will be naturally inclined to place the emphasis on quality, notes Hill. He assumes that a better product, a more advanced gadget or one with more features is the way to a competitive advantage in the market place.

However, success in the market place may be determined by apparently fickle preferences, illogical choices or the customer's conservative belief in traditional methods.

The main objective of all firms should be the winning and keeping of satisfied customers, says Hill. Marketing is not primarily about markets, market research or assessing market demand. It is about customers, understanding their requirements and behaviour and giving them what they want.

Small firms should have an advantage over large in this area because the decision-makers in the small firm are closer to their customers. As the business grows it must resist all pressures to become more remote from its customers, warns Hill.

Responsibility for customer satisfaction cannot be assigned to the sales or marketing department. It must rest with everyone in the company. For example, workers on the shop floor have a huge impact through their ability to produce a high-quality product.

Office staff can contribute to customer satisfaction by processing orders quickly, while delivery drivers, receptionists and service engineers can all have a role to play, he suggests.

**Other titles in the series are Successful Exporting, Successful Expansion and Starting a Small Business. Published by Charles Letts. £4.95 each.*

In brief...

■ Innovators and inventors who currently face difficulties in raising finance and finding backing for their ideas should benefit from plans to provide more focused assistance through enterprise agencies. BP (British Petroleum) is providing up to £100,000 to finance innovation advisers at 15 enterprise agencies around the country.

The advisers will provide information on local and national sources of assistance; will set up a panel of professional experts to offer help free or at reduced rates; and will encourage the establishment of groups of local private investors wishing to invest up to £50,000 in innovative businesses.

■ The 17th International Small Business Congress on the theme of Partnership for Global Prosperity will be held on September 16-19 in Seoul, South Korea.

Topics to be covered include the internationalisation of small business, the impact on small business of the liberalisation of financial markets and international subcontracting.

UK Contact: The Forum of Private Business, Ruskin Chambers, Drury Lane, Knutsford, Cheshire WA16 6HA. Tel 0565 4467.

■ Technological co-operation between the regions of Europe is the subject of a two-day conference to be held in Madrid on October 23-24. Sessions will include the impact of technology transfer on regions, how to persuade small and medium-sized companies to make use of outside technologies and the factors which determine the success implementation of technology.

The conference is organised by the Spanish Ministry of Industry and Technology and TII, a technology transfer association.

Contact CDTI, P. de la Castellana No 141, 28046 Madrid, Spain. Tel 34.1.581 55 33.

■ Michael Grylls, Conservative MP for Surrey North West, has been named Politician of the Year in a small business awards scheme, the Guildhall Helping Hands Awards, for his work as chairman of the Conservative Trade and Industry Committee and as chairman of the Small Business Bureau, a lobby group.

Winner of the special award for services to small business was Prince Charles for his work with the Prince's Youth Business Trust. The awards are made by the National Federation of Self Employed and Small Businesses and Tollit and Harvey, a stationery manufacturer.

■ A Centre for Franchising is to be established at City University Business School to carry out research into subjects such as franchising within the European Community, differences in motivation levels between franchisees and managers and problems large companies face, both as franchisors and franchisees.

Director of the new centre – sponsored by National Westminster Bank – is Martin Mendelsohn, a senior partner of Adlers, a firm of solicitors.

Contact City University Business School, Tel 071-920 0111.

■ Buying and Selling Private Companies, a one-day seminar intended for the owners or acquirers of private companies, will be held in Manchester on June 5. *Contact: David Garrick Ltd, 1 de Walden Court, 85 New Cavendish Street, London W1M 7RA. 071-631 0659.*

BUSINESS OPPORTUNITIES

READERS ARE RECOMMENDED TO SEEK APPROPRIATE PROFESSIONAL ADVICE BEFORE ENTERING INTO COMMITMENTS

Do you want to increase your occupancy rates and profits?

RESORT DEVELOPERS AND OPERATORS

We provide a specialist consultancy service producing a STRATEGIC MARKETING PLAN by field and desk research incorporating a SALES PLAN that really works!

Our team has many years experience of successful management in the holiday industry.

For further information contact:- Jonathan Talbot-Weiss

BUSINESS LEISURE RESOURCES LTD.

13 Great Stuart Street, Edinburgh EH3 7TP.

Tel: 031-225 3567. Fax: 031-225 3354.

A BMR International company.

YOUR OWN DEVELOPMENT COMPANY TO CAPITALISE ON YOUR PROPERTY ASSETS - AS WELL AS YOUR PROPERTY REQUIREMENTS

Unique and flexible profit sharing schemes whether you wish to sell, rent or retain your enhanced property investment

• Site Funding • Design • Project Management • Trading •

For details call S.A. Parnes FRICS,

LAWSDOWNE SECURITIES LIMITED

Lawsdowne Securities Ltd, 151b Park Rd, London NW8 7HX

Tel: 071-722 4454

A Division of Hanover Druce plc

INTERNATIONAL DISTRIBUTION RIGHTS FOR SALE (EXCEPT UK)

- Small UK specialist Software House with state of the art TREASURY MANAGEMENT SYSTEM seeks International Distributors particularly in Benelux, Germany and the Nordic Area
- System fully developed and demonstrable on IBM pc or compatible. Local area networking.
- Existing UK Distributor with established client base of Corporate and Institutional users

Interested parties should write in the first instance to:-
Allan Hewitt, Managing Director, Venturus Associates Ltd.
8 Layzell Walk, Mottingham Lane, London SE9 4QD

Is your Company in financial trouble or experiencing trading difficulties? Services of top level management Company with proven track record available to take an active role in the day to day management with particular emphasis on financial reorganisation and on enforcing a low cost base. Financial input available if required. Minimum turnover £5m. per annum.

Enquiries write in confidence to: Box F9770, Financial Times, One Southwark Bridge, LONDON. SE1 9HL

Short term finance for long term growth.

Working capital finance for stock and work in progress. For details contact M. Prizant or A. Beale,

CHURCHILL MERCHANTING LIMITED

Churchill House, 2 Eaton Gate, Belgravia, London SW1W 9BL. 071-730 8428

LEISURE GROUP

Hoteliers seek Institutional/Private replacement and development capital (circa £2.5 million) to fund further development of prestigious country house hotel as well as for additional corporate expansion within the home counties. Participatory or not. Principals only.

Write Box F9755, Financial Times, One Southwark Bridge, London SE1 9HL

OPPORTUNITY

Experienced team seeks financial partner Northamptonshire-Based Scaffolding Business

Please write to F9766, Financial Times, One Southwark Bridge, London SE1 9HL

OVERHEADS TOO HIGH PROFIT TOO LOW

Electrical assemblers and Plastic Moulders will produce your products for you to high standard on a Joint venture basis leaving you with only the cost of selling the goods against your profit share.

Write to Box F9773, Financial Times, One Southwark Bridge, London SE1 9HL.

OPPORTUNITY FOR ADVERTISING, PR, PHOTOGRAPHIC FASHION COMPANY

Well established agency representing various hair, make-up and fashion artists wishes to associate or merge with advertising, public relations, photographic or complementary fashion company, object to introduce and expand existing client base with a view of providing a wider inhouse service for current clients. Principals only to apply stating brief detils of your company.

Write Box F9771, Financial Times, One Southwark Bridge, LONDON. SE1 9HL

INVESTMENTS REQUIRED BY PLC CLIENTS THROUGHOUT THE UNITED KINGDOM

Funds available from £300,000 to £30,000,000

Residential tenanted estates or blocks of flats, industrial estates, high yield shops. Portfolios and companies with property related assets.

(Agents retained where necessary)

GRANVILLES, 1 HEREFORD ROAD, BAYSWATER W2 4AB

TEL NOS: 071 4935/243 1082

FAX NO: 071 727 5110

HOTEL OPERATORS

We are a hotel company and we are seeking a partner to refurbish an existing substantial hotel together with a Leisure complex to a four star standard. The hotel is situated in the Hampshire area in a major city location.

Interested parties please write to. Box F9732, Financial Times, One Southwark Bridge, London SE1 9HL

MAJOR PUBLISHING OPPORTUNITY

Award-winning publishing company seeks investment for future expansion. This follows the successful launch of its leading business publication specialising in one of the most lucrative markets of the 1990's.

Principals only contact F9768, Financial Times, One Southwark Bridge, London SE1 9HL

---

crosslink international

Your office in **BRUSSELS WARSAW BUDAPEST LONDON**

Fully furnished, first class secretarial services. Prestigious locations.

Tel: London 01-207 3699 Brussels 02-535 7800

FUNDS AVAILABLE

for expanding businesses and selected start-ups. Investors have funds and skills to invest. Send business plan to or

Contact: VCR, Boston Road, Henley, Oxon. RG9 1DY Tel. (0491) 579999

Fimbra

Midwest USA St. Louis/Chicago

Resident English Lawyer/MBA (Wash State) with good contacts in the Midwest prepared to advise on and undertake corporate investigations, financial and market research.

Fax: MURFIN: 0101 (314) 739 4163

WE ARE LOOKING FOR

3 hard working entrepreneurs to help us expand a fast moving new business in the U.K. and then into Germany

Contact...Alister Bredee Chase Marketing. 081-968-6833.

CASH INJECTION REQUIRED

Housebuilder requires cash injection £300,000. (secured on property). Good rate of interest plus share in next very lucrative starter home deal, in South East, programmed for spring 1991.

Write Box F9752 Financial Times, One Southwark Bridge, London SE1 9HL

RAISING FINANCE?

We write your business plan and find a local or City financing source for you. Advice on import/export finance. Payment by results.

THE GREENSAND CONSULTANCY 074783 325 071-431-4170

CLEAN SHELL COMPANY REQUIRED (U.S.M. or O.T.C.)

By exciting innovative private company with tremendous growth potential.

Write in first instance to: Box F9767, Financial Times, One Southwark Bridge, London SE1 9HL

FOR SALE Factory Complex

78,500 sq.ft. plus at 25,000 sq.ft. yard split into separate units. Fully Let, income £130K. Northern England. Price £1.1 million.

Write Box F9764, Financial Times, One Southwark Bridge, London SE1 9HL

FULL REPRESENTATION IN EAST GERMANY Are you interested in expanding to East European market? We have established our network with offices in Leipzig. To represent your company or sell your products contact us. Tel: (0628) 30603 or Fax (0628) 770608.

U S I Leading import & export distributors. We are ready to purchase your discontinued/surplus stocks now. Immediate decisions, immediate payment. Large or small quantities, we respect stipulations regards distribution. Contact: Andrew Cantor/Roy Gebble, Tel: 061 767 9171, Fax: 061 767 9175 282 Bury New Rd, Whitefield, Manchester M25 6QN

DISTRESSED PROPERTY

Considerable sums available for swift purchase of all types of U.K./U.S. and European property. Purchase may be structured to allow vendor participation in futures gains.

Write to Box F9765, Financial Times, One Southwark Bridge, London SE1 9HL

BUSINESSES FOR SALE

Touche Ross

Burlington Fabrics (Holdings) Limited

The business and assets of a complete vertical knitting operation based at Caerphilly, Mid Glamorgan is offered for sale.

- ☐ Turnover £12 million, of which over 50% is export.
- ☐ Freehold property 140,000 square feet.
- ☐ Experienced workforce, approximately 250.
- ☐ Substantial order book in excess of £4.5 million for ladies fashion, lingerie, upholstery and technical fabrics.

For further information please contact R. G. Ellis the Joint Administrative Receiver or Peter Engel at Burlington Fabrics (Holdings) Limited, Western Industrial Estate, Lon-y-Llyn, Caerphilly CF8 1XJ. Tel: 0222 861411. Or alternatively at the address below.

Blenheim House, Fitzalan Court, Newport Road, Cardiff CF2 1TS.
Tel: 0222 481111. Fax: 0222 482615.
Authorised to carry on Investment Business by the Institute of Chartered Accountants in England and Wales.

Touche Ross

Reid and Lee Limited

(In Administrative Receivership)

The goodwill and assets of a well established main franchise dealership, located on prominent freehold site at Marsh Barton Trading Estate, Exeter is offered for sale.

Main features are:

- ☐ 2,500 vehicle unit sales per annum.
- ☐ 2,000 vehicles contract-hire fleet.
- ☐ Fully equipped modern body and paint facility (leasehold).
- ☐ 1.6 acre site (freehold) comprising 30,850 sq. ft. workshops, showrooms, offices etc.
- ☐ 90 employees including strong management team.
- ☐ Guide financial information:

1989	Turnover	£16.5 million
	Profit	£960,000
1990	Turnover	£18.5 million (plan)
	Profit	£817,000 (plan)

For further information please contact the Joint Administrative Receiver David Bird or Richard Coates or Colin John at the address below.

Queen Anne House, 69-71 Queen Square, Bristol BS1 4JP.
Tel: 0272 211622. Fax: 0272 292801.
Authorised to carry on Investment Business by the Institute of Chartered Accountants in England and Wales.

LEONARD CURTIS

M J ISAACS FCA AND KEITH D GOODMAN FCA
JOINT RECEIVERS
IN THE MATTER OF

NORTHERN BUILDING DEVELOPMENTS LTD

THE RECEIVERS OF THE ABOVE COMPANY OFFER FOR SALE THE FOLLOWING SIX DEVELOPMENTS AROUND NEWCASTLE UPON TYNE

1. BLENHEIM HOUSE — completed block of 33 flats
2. PORTMAN MEWS — partially completed block of 125 flats
3. GATESHEAD — site with outline planning permission for 24,000 sq ft of offices and 17,000 sq ft of factory units
4. WESTGATE ROAD — suitable for leisure / retail / offices
5. BLENHEIM STREET — development site potential for petrol forecourt and garage
6. LEAZES PARK ROAD — planning permission for a 12,000 sq ft office block

ALL ENQUIRIES TO THE RECEIVERS

LEONARD CURTIS & PARTNERS
3rd Floor
Peter House
Oxford Street
Manchester M1 5AB
Tel: 061 236 1955
Fax: 061 228 1929

OR TO THEIR AGENTS

A SANDISON
BERNARD THORPE
16/18 Hood Street
Newcastle Upon Tyne
Tel: 091 261 1641
Fax: 091 232 6969

CHESHAM.
BECAUSE YOU ONLY SELL YOUR BUSINESS ONCE.

And you want the right buyer. With confidential briefs from hundreds of acquisitive public company chairmen who are looking to buy successful, private companies worth £500,000 to £25 million, we ought to be able to help.

So if you're thinking of selling your business, contact our Managing Director to arrange a confidential discussion.

CHESHAM AMALGAMATIONS
The first name in merger broking.

Chesham House, 2 Bentinck Street, London W1M 6JX. Telephone: 071-935 2748

FIMBRA

IMPORT-EXPORT

U.K. IMPORT EXPORT CO FOR SALE - TURNOVER 1.4 million sterling - full order book - tremendous potential - major shareholder/owner wishes to diversify into manufacturing - for details please write to

Box H6214, Financial Times, One Southwark Bridge, London SE1 9HL.

PROBABLY THE BEST KNOWN UK FIRM OF ESTATE AGENTS

FOR SALE

High-profile offices in CHELSEA, CLAPHAM AND PECKHAM

Fully equipped for the 1990s

For further details

Write Box H6225, Financial Times, One Southwark Bridge, LONDON. SE1 9HL

COUNTY DURHAM PLASTIC INJECTION MOULDING COMPANY WITH FINISHING FACILITIES

Company with a turnover of £0.5 million, principally undertaking work for well-established and reputable companies.

For details apply:
CLIVE OWEN & CO
Chartered Accountants
1 Blackwell Lane, DARLINGTON
Co Durham DL3 8QF Tel: 0325 282511

FOR SALE
Shopfitting and Display Equipment Manufacturer

Well connected manufacturer of Shopfitting and Display equipment. Located in South East. Turns over £3 million plus with many leading High St. multiples. Owner retiring but excellent management team in place. Guide price - £1.5 million.

Write Box H6206, Financial Times, One Southwark Bridge, London SE1 9HL

Touche Ross

CORPORATE FINANCE

Metal Fabrication and Profiling Company

The whole of the issued share capital of a metal fabrication and profile services company is offered for sale.

- ☐ East Midlands based
- ☐ Turnover £800,000
- ☐ Highly profitable
- ☐ Strong growth potential
- ☐ Blue chip customers
- ☐ Freehold property

For further details please contact Paul Bower or David Jones at the address below.

St. John's House, East Street, Leicester LE1 6NG.
Telephone: 0533 543598. Fax: 0533 552055.
Authorised to carry on Investment Business by the Institute of Chartered Accountants in England and Wales.

Touche Ross

For Sale
The Business and Assets of Bluebell Garages (Middlesbrough) Limited

(In Administrative Receivership)

Following the appointment of R. S. Preece and J. P. Richards as Joint Administrative Receivers, the opportunity arises to acquire the goodwill and assets of a well established motor dealership and petrol filling station.

- ☐ Freehold site of approximately 1.25 acres, well located in Acklam, Middlesbrough with current benefit of a motor dealer franchise and a petrol filling station.
- ☐ Vehicle sales of approximately 1,000 new and used vehicles per annum.
- ☐ Petrol sales of approximately 49,500 gallons per week.
- ☐ Leasehold petrol filling station of approximately 0.39 acres located at Ormesby, Middlesbrough achieving petrol sales of approximately 26,000 gallons per week.
- ☐ 72 full and part time employees.
- ☐ Modern forecourt facilities developed to oil company specifications.
- ☐ Fully fitted servicing workshop, parts facilities and car wash.
- ☐ Annual turnover £10.5 million (1988) and £12.9 million (1989) achieving net profits of £377,000 and £326,000 respectively.

For further details, contact the Joint Adminstrative Receiver, Ralph S. Preece at the address below.

Eleven Albion Street, Leeds LS1 5PJ. Tel: 0532 444741. Fax: 0532 448942.
Authorised to carry on Investment Business by the Institute of Chartered Accountants in England and Wales.

Touche Ross

Merlin Mouldings Limited

(In Liquidation)

The business and assets of Merlin Mouldings Limited are offered for sale. The company is engaged in the manufacture of thermo plastic injection mouldings and the construction of moulding tools, and operates from premises at Heathfield Industrial Estate, Newton Abbot, Devon. Features are:

- ☐ Blue chip customer base for trade mouldings and own products.
- ☐ Turnover approximately £1.5 million.
- ☐ Good Order Book.
- ☐ Modern equipment in purpose built factory.

For further information please contact Roger Pearce or the Liquidator David Bird at the address below.

Queen Anne House, 69-71 Queen Square, Bristol BS1 4JP.
Tel: 0272 211622. Fax: 0272 292801.
Authorised to carry on Investment Business by the Institute of Chartered Accountants in England and Wales.

Strongly Branded Fast Food Distribution System

An excellent opportunity to acquire an established company suitable to develop by franchising.

Over three years ago our client acquired the UK and European rights to a strongly branded Australian fast food distribution system. They have developed an impressive client base which includes the UK's major leisure and catering operators. The Company has traded profitably over the last two years.

The concept is suitable to develop by franchising. We have worked with them to prepare the franchise package and the first franchisee has been appointed. Reluctantly our client now finds that they need to sell in order to concentrate on their core business activities.

If you would like further information, please write giving a brief description of your organisation, including size and type of business.

In return we will supply a more detailed package of information, to genuinely interested parties.

Please write to: David Acheson, Stoy Hayward Franchising Services, 8 Baker Street, London W1M 1DA.

All correspondence will be treated as confidential.

Stoy Hayward Franchising Services

A member of Horwath International

Business Opportunity FOR SALE!

Hire Cruiser Marina Base situated on Lough Erne, Co. Fermanagh, Northern Ireland.
Harbour with twenty private moorings for hire. Modern concrete block built offices, reception, workshops, toilets and showers.
Qualified and efficient engineer and boatbuilder employed.
Hire fleet of 12 modern luxury motor cruisers which are currently 60% booked for the present season.
Public slipway adjacent to the premises.
Reason for sale - retirement age of present owner.
Suitable for development and expansion,

Write Box H6227, Financial Times, One Southwark Bridge, London SE1 9HL

FILTRATION EQUIPMENT BUSINESS

Solid-liquid separation, cake washing, drying and ancilliary equipment business for sale. Successful on-going operations; orders, reference plants, modern concepts. Suitable for Process Equipment Manufacturer.

Write Box H6215, Financial Times, One Southwark Bridge, LONDON, SE1 9HL

Replacement Window Company

High Quality Manufacturers and Fitters
Excellent Freehold Factory Premises
Recently Refurbished to a High Standard
Highly Profitable Price: £1.1. Million
Details: - Louis Taylor Britannia Estate Agents
Tel: (0782) 260222

Coach Hire Operator

E. Anglian resort. Monopoly postn. T/O £400K. 2 F/hold props & fleet of 15 coaches. Price £525K.

Lakey & Co (0394) 273371

BUSINESSES FOR SALE

ICC Electronics Ltd and Armstrong Electronics Ltd (In Receivership)

Workington

The above companies design and produce electronic controls.

- Freehold and Leasehold premises
- Annual turnover approx. £7.5m
- Skilled workforce of 190
- Substantial order book
- Prestigious customers

For further details please contact the Joint Administrative Receivers:
Ian Turner or Peter Flesher,
Grant Thornton,
Higham House,
Higham Place,
Newcastle-upon-Tyne
NE1 8EE.
Tel:091 261 2631
Fax:091 232 6903

Grant Thornton

The U.K. member firm of Grant Thornton International. Authorised by the Institute of Chartered Accountants in England and Wales to carry on investment business.

Rhodon House Limited (In Receivership)

Telford

The above company manufactures glass reinforced plastic products.

- Annual turnover £500,000
- Skilled workforce
- Potential contracts
- Wide product range

For further details please contact the Joint Receivers:
Jonathan Birch or Roy Adkins,
Grant Thornton,
Kennedy Tower,
St Chads Queensway
Birmingham B4 6EL
Tel: 021 236 4821
Fax: 021 236 0257

Grant Thornton

The U.K. member firm of Grant Thornton International. Authorised by the Institute of Chartered Accountants in England and Wales to carry on investment business.

CHRISTIE & Co

The Sheridan Hotel
King's Road
BRIGHTON, SUSSEX
Prime seafront position in premier resort.
57 letting bedrooms and suites.
Restaurant, bar and function room.
Substantial potential.
£1,800,000 freehold
Ref 409/0009

The Royal Norfolk Hotel
The Esplanade
BOGNOR REGIS, SUSSEX
The Principal Hotel in the Town
3 star rating. 51 letting bedrooms and excellent public areas. Separate staff accommodation block.
£2,750,000 freehold
Ref 409/0008

For further details please contact Chris Day or Paul Collins, Corporate & Acquisition Division, 50 Victoria Street, London, SW1H 0NW. Telephone No. 071-799 2121.

Central London Hotel

The Joint Administrative Receivers offer for sale a well located central hotel convenient to the West End and other amenities:

- Freehold title
- Recently re-furbished and equipped
- 49 Bedrooms
- Bar and restaurant facilities

Interested parties should contact the Receivers' sole agents, Richard Ellis, Hotel Division, Berkeley Square House, London W1X 6AN, Tel: 071-629 6290.

Any other enquiries to the Joint Administrative Receiver, *P.R. Copp FCA, FCCA or G.S. Kinlan FIPA (ref: CJ).*

Stoy Hayward
A Member of Horwath International
ACCOUNTANTS · BUSINESS ADVISERS · MANAGEMENT CONSULTANTS
8 BAKER STREET, LONDON W1M 1DA
TEL 071-486 5888 FAX 071-487 3686 TELEX 267716 HORWAT.

48 LETTING PROPERTIES IN NORFOLK/SUFFOLK BORDERS.

Mixture of 1-4 bedroomed properties (houses and flats). Gross income over £160,000 per annum. Small outgoings. Present valuation £2.4 million. Offer in the region of £2.0 million for the whole. Principals only need apply.

Tel: Mrs Hutt 0842 810262/811484, Fax: 0842 813074

The Joint Administrative Receivers offers for sale

Action Games and Toys Limited

In Receivership

Opportunity to acquire the business and assets of one of the largest independent toy manufacturing and distributing companies in the U.K.

- Heavily promoted and well known brand name.
- 1988 Turnover £12 million.
- Significant order book.
- Experienced staff.
- Leasehold offices in Henley, Oxon.
- Leasehold warehouse in Abingdon, Oxon.

For further details please contact Nigel Vooght, Joint Administrative Receiver, Cork Gully, 9 Greyfriars Road, Reading, Berkshire RG1 1JG. Tel: 0734 500336 Telex: 848588 Fax: 0734 607700.

Cork Gully is authorised in the name of Coopers & Lybrand Deloitte by the Institute of Chartered accountants in England and Wales to carry on Investment Business

Cork Gully

Biotechnology, Livingston Bioseparation Associates Limited

The business and assets of Bioseparation Associates Ltd., which has developed a process for extracting proteins from bovine blood plasma, are for sale by its receiver.

- Purpose built 4,000 sq. m. leasehold factory in Livingston.
- Advanced blood fractionation processing facility.
- Fully equipped laboratory and testing facilities.
- Successfully tested protein supplement containing antibodies for calves, lambs and piglets.
- Cell culture medium under test.
- Potential for a wide range of other valuable proteins from the processing facilities.
- Uniquely experienced team.

For further information contact: Alan Jamieson, Price Waterhouse, 28 Drumsheugh Gardens, Edinburgh EH3 7RN. Tel: 031-225 4242. Telex: 727434. Fax: 031-225 5352.

Price Waterhouse

Window Blind Manufacturer

The Joint Administrative Receivers offer for sale as a going concern a fully equipped window blind manufacturer in the North West providing a complete range of interior windows blinds through a network of franchised retail outlets.

- Turnover in y/e 31.7.89 £800k
- 5000 sq.ft. modern leasehold factory unit and offices
- 1000 sq.ft. freehold retail outlet
- Skilled workforce
- Established 1980

For further particulars, please contact the Joint Administrative Receiver, F W Taylor, Ernst & Young, Silkhouse Court, Tithebarn Street, Liverpool L2 2LE. Tel: 051-236 8214. Fax: 051-236 0258.

Ernst & Young

Authorised by The Institute of Chartered Accountants in England and Wales to carry on investment business.

GRAIN STORAGE FACILITY

The business and assets of Group Grain Limited are offered for sale as a going concern by the Joint Administrative Receivers.
The principal assets include a 3.5 acre freehold site comprising:

* Flat store 11,000 tonnes (also suitable as industrial warehouse)
* Bin storage 16,000 tonnes
* High quality drying and cleaning equipment
* Office accommodation

For further information please contact the Joint Administrative Receiver: Martin Page

KPMG Peat Marwick Corporate Recovery
Holland Court, The Close, Norwich NR1 4DY.
Tel: 0603 620481. Fax: 0603 623078.

PRINTING COMPANY FOR SALE

1987/88	*£250,000 Profit*	*(In excess)*
1988/89	*£600,000 Profit*	*(in excess)*
1989/90	*£750,000 Profit*	*(in excess)*

Nett Assets of £1.7 million
£1 million held on Bank Deposit
Blue Chip Clients
Ill health of Chariman and Sole Share Holder is reason for sale. Only principals need reply stating price prepared to pay and terms.

Write Box H6224, Financial Times, One Southwark Bridge, London. SE1 9HL

BUSINESS FOR SALE

Successful, expanding and profitable business, Midlands based, specialising in distribution and export of commercial vehicle brake products.

1989 turnover £450,000 with significant growth potential within U.K. and overseas. For sale due to Directors personal circumstances. Full details available from Ashgates, 5th Floor, St. James House, Horsefair, Birmingham B1 1DB

BURY ST EDMUNDS

A45 M11 A45 M25

- 34000ft² operational food factory
- 2.7 acre site with expansion space
- trained loyal workforce might be retrained
- on East Anglia's main artery and close to East Coast Ports
- offers around £1.7m to Colin Brookes Associates

Tel 0733 232033

Brookes Menswear Limited
(In Receivership)

The business and assets of Brookes, a men's fashion retailer, are available for sale as a going concern as a result of receivership.

- 4 leasehold premises, recently refurbished.
- Shop floor area of 3,145 sq. ft.
- Turnover £600,000 per annum.
- Profitable business.

Written enquiries to MD Gercke FCA, Joint Administrative Receiver, Price Waterhouse, No. 1 London Bridge, London SE1 9QL. Fax: 071-939 5566. Telex: 931709/934716.

Price Waterhouse

LEONARD CURTIS

BY ORDER OF THE JOINT ADMINISTRATIVE RECEIVERS
S. D. SWADEN FCA and P. MONJACK FCA
IN THE MATTER OF

CITY LEGAL SPECIALISTS GROUP

Offers are invited for the sale of the business, assets and goodwill of the above Group, well-established as recruitment consultants and operating from attractive leasehold premises in the City.
Assets include office equipment, valuable goodwill and a substantial customer base.

For further details, please contact:
Leonard Curtis & Co, Chartered Accountants
30 Eastbourne Terrace, London W2 6LF
Tel: (071) 262 7700 Fax: (071) 723 6059 Ref: SLC/4

CONTRACT PACKAGING COMPANY

The shareholders of a Midlands based contract packaging company offer the company for sale.

* 1.6 acre freehold property with 43,000 sq ft industrial unit with office accommodation.
* Plant, equipment, vehicles and stock in excess of £500,000.
* Approximate turnover £4.5 million.
* Established customer base.

Interested buyers should write to: Box H6217, Financial Times, One Southwark Bridge, London SE1 9HL.

Loch Lomond

- Established Pleasure Boat Company
- Two vessels, including world famous Maid of the Loch Paddle Steamer
- Property (3.3 acres) including jetty and shore front in prime position at Loch Lomond
- Enormous potential for future development.

Offers are invited for the entire share capital of Maid of the Loch Limited.

For further particulars and for an appointment to view, contact G. Ian Rankin CA, Coopers & Lybrand Deloitte, *100 Wellington Street, Glasgow*
Telephone 041-248-7932, Telex 779336, Facsimile 041-221-1330.

Coopers & Lybrand Deloitte is authorised by the Institute of Chartered Accountants in England and Wales to carry on investment business.

Coopers & Lybrand Deloitte

AUCTIONS

By Order of the Joint Administrative Receivers L Homan Esq. FCCA and F Stansll Esq. FCA. of Hacker Young and Partners.
Re: Wood Industries (International) Ltd.

SAWMILL AND JOINERY CO. EAST SUSSEX

Established Co. specialising in purpose made hardwood windows and frames, conservatories and garden furniture. Lumber and machined profiles and kiln drying service. Skilled workforce operating from 8.4 acre leasehold site. T/O 1989 — approx. £1.5m. Offers invited for assets and undertaking on an ongoing basis.

All enquiries PJP/SMW

EDWARD SYMMONS & PARTNERS
2 Southwark Street, London Bridge, London SE1 1RQ.
Tel: 071-407 8454 Fax: 071-407 8423 Telex: 8954348
London Manchester Liverpool Bristol Southampton

GENERAL ENGINEERING BUSINESS

General Engineering & Steel Fabrication. Business for sale. Hertfordshire based. Leasehold unit. Turnover £340K. OIRO £230K.

Write Box H6203, Financial Times, One Southwark Bridge, London SE1 9HL.

FOR SALE

successful manufacturing Packaging Company. Turnover 1989 £1.4m ex VAT. Anticipated turnover 1990 £2m ex VAT. All modern machinery. Principals only, no time wasters please.

Write Box H6228, Financial Times, One Southwark Bridge, London SE1 9HL

FREEHOLD HOTEL IN M4 CORRIDOR

MARLBOROUGH

3-star, 33 bedroom period hotel
with conference facilities
excellent trading results
Staff house included

Price £2.3 million

Details available from

William Hillary & Company
47 High Street Salisbury
Wiltshire SP1 2QF

Tel: 0722 27101 Fax: 0722 411803

LOWNDES

MAKE SELLING PLAIN SAILING

Mergers & Acquisitions

A member of THE WEALD GROUP PLC

Contact: *Martin Weston*
LOWNDES LTD 3 CHESHAM STREET
LONDON SW1X 8ND TELEPHONE: 01 823 2080

COMPANY FOR SALE ONCE IN A LIFTIME OPPORTUNITY

Established in 1912 the Company enjoys the world wide reputation of being the brand leader in the manufacture of cast phenolic snooker and billiards balls, being selected and used for every official professional and amatuer championship.
Over the past 7 years the plant and machinery has been totally renewed with major new building extensions and renovations.
Price guide to include all plant, machinery and freehold property:-
£3,250,000:00
In the first instance, please contact:-
Mr K Dawson, The Composition Billiard Ball Co. Ltd.
Havannah Street, Buglawton, Congelton,
Cheshire CW12 2AG. Tel: 0260 278122.

FOOTWEAR MANUFACTURER FOR SALE

A respected manufacturer of men's and boy's shoes selling under its own brand and with substantial export business. Approximate annual turnover £12 million. Skilled workforce including craft welted shoe production. 4.5 acre freehold site. Business for sale at a significant discount to net asset value.

Please write Box H6231, Financial Times,
One Southwark Bridge, LONDON. SE1 9HL

PLASTIC MOULDING SUPPLIES/EQUIP. FIRM

U.S. parent seeks to divest itself of profitable 5 year old U.K. subsidiary firm. Proprietary line of supplies and equipment for plastic moulding industry. Self-contained entity with outstanding track record. 114% average annual sales growth. 12% profits, price £300,000 can be recaptured in 36 months ideal opportunity for firm, individual or investor.
Full particulars despatched immediately to qualified buyers.

Contact: Mr Anderson, The Nickerson Group,
34 Accord Park Drive, Accord (Norwell), Massachusetts, U.S.A., 02018.
Phone 010-1-617-871 2400. Fax 010-1-617-871-9728.

UPVC WINDOW AND DOOR MANUFACTURER AND INSTALLER

This established company has a reputation for high quality products and professional installation. The Company Operates from top quality premises and uses the finest equipment and systems.
Sales are well spread with approximately 40% on commercial and an even split between trade and retail.
Current turnover exceeds £2 million with pre tax profits in excess of £300,000 and net assets over £1 million.
Please write enclosing brief details of your terms and conditions.

Write to box, H6220, Financial Times,
One Southwark Bridge, London SE1 9HL.

OPPOSITE THE NEW MEADOWHALL SHEFFIELD
THE BIGGEST SHOPPING DEVELOPMENT IN EUROPE.

We are probably the nearest business to the M1 situated round the island at Junction 34 and within 5 minutes from the new Sheffield Airport. Ideal business and property investment in this development area, comprising approx. 7000 sq. ft. No problem with planning as some parts of the buildings are part derelict. Searches done and proven by Sheffield Council.

ADDRESS: 230-260, SHEFFIELD ROAD,
TINSLEY, SHEFFIELD. S9 1RD
PRICE: £375,000
For further information contact Mr. Cooke
Telephone 0742 442421

ACQUISITION SEARCH

Searches undertaken to identify and match potential targets with clients' specific acquisition criteria. Shortlists prepared and, if required, discreet approaches made.
For details call Roger F. Mortimer MBA, ACIS, on 046 274 2822.

FOR SALE VIDEO MANUFACTURING BUSINESS

state of the art video manufacturing business including moulding machines, moulds, fully automated VO assembly and winding facilities. Extensive customer base at the professional end of the market. Highly skilled workforce in location with excellent distribution facilities.

Write to Box H6218, Financial Times,
One Southwark Bridge,
London SE1 9HL.

PLASTIC BUSINESS

Injection moulding business current turnover circa £1m. Located South Wales.

30 Moulding Machines up to 450 tonne
Rented modern factory 25,000 sq.ft.
Part of larger manufacturing business
Good work force

Would suit custom moulders seeking to relocate to low cost region enjoying sustained growth. Flexible approach to any business proposals.
Fax enquiries to: 0792 585830.

WEST MIDLANDS PRECISION ENGINEERING CO

Due to the retirement planning of the directors, both of whom are willing to give a substantial service contract, this profitable C.N.C/Tool making company is being offered for sale. An excellent company to suit an entrepreneurial engineer. Principals only:

Write to Box H6207, Financial Times,
One Southwark Bridge,
London SE1 9HL.

BUSINESSES FOR SALE

70 BED SPECIALIST NURSING HOME

In the North of England with consistently high occupancy levels totally managed with superb operating profits. Completely refurbished and complying fully with registered homes act. Management service willingly undertaken. Reluctant sale to finance other developments. £1.8 million. No offers.

Write Box H6182, Financial Times, One Southwark Bridge, London SE1 9HL

9 HOLE PUBLIC GOLF COURSE

within M25
Lime Trees Park, Ealing
West London
FOR SALE
£2 million

all enquiries
Clive Lewis & Partners
Leisure Division
071 499 1001
Ref: NJM
Humberts National
Leisure Division
071-629 6700
Ref: JCM.

SCOTLAND
West Coast Rural Area

Life & General Insurance Brokers Office with busy Building Society connection. No other brokers within 40 mile radius. Main street frontage and freehold property. Grossing in excess of £100,000 p.a.

Write Box H6210, Financial Times, One Southwark Bridge, LONDON. SE1 9HL

EMPLOYMENT AGENCY

Small specialist engineering consultancy FOR SALE. 4 staff with £200,000 T/O. Based in NW London Nr M25. Fully computerised and an ideal opportunity for participation in a well established company.
PRICE ONLY £50,000.

Please telephone: Miss Sandra Mann (0923) 246404

ESTATE AGENCY BUSINESS FOR SALE
GREATER MANCHESTER

Established since 1958, deal mainly with character properties, excellent turnover, business & goodwill fixtures and fittings with rented town centre long lease premises. Offers in the region of £100,000.

Telephone evenings
0706 343362 Ref LM

ELECTRONICS MANUFACTURER SALE/MERGER

Small, well-equipped professional electronics company providing comprehensive manufacturing and test services to industrial clients available with or without freehold property. May suit product company wishing to bring manufacturing in-house.

Please write to: H6222, Financial Times, One Southwark Bridge, LONDON. SE1 9HL

CASH COW
Satellite and Cable TV Training Company

Net profit margin 73%. Excellent track record. Market leader with sustained growth. Current annual profit forecast £¼ million. Enormous potential for growth. Management willing to stay. May suit passive investor or training company.

Please call today
between 4-8pm only
081-675 0806

BUSINESS MAGAZINE FOR SALE

Circulation 6,000
(Gwent area).
Write to Box H6229, Financial Times, One Southwark Bridge, London SE1 9HL.

PUBLIC COMPANIES FOR SALE!

All with trading certificate
Grosvenor Mutal PLC
Cavendish Contracts PLC
Hilton Corporation PLC
£800
Tel:0222 382115
Fax:0222 382118

FOR SALE
COUNTRY HOTEL AND GOLF COURSE

FREEHOLD
Substantial Offers
Write Box H6192, Financial Times, One Southwark Bridge, London SE1 9HL

RETIREMENT SALE

Textile wholesaler based in Kent. Est. over 50 years. Specialising in piece goods curtain velvets to the trade. Turnover approx £1/4 million. Small but solid base for development. Write to

Box H6216, Financial Times, One Southwark Bridge, London SE1 9HL.

CONFIDENTIAL SALE LEISURE GROUP IN EAST MIDLANDS

Principals only
Tel: 071-629 2713

OFFICE FURNITURE, MICRO COMPUTER AND SUPPLIES GROUP, FOR SALE

ESTABLISHED BUSINESS WITH EXPERIENCED MANAGEMENT TEAM

For sale Principals only
Write to box H6223, Financial Times, One Southwark Bridge, London SE1 9HL.

TWO ESTABLISHED MUSIC/VIDEO RETAIL OUTLETS IN PRIME HAMPSHIRE TOWNS

Combined annual turnover and rent. £700K and £49K.

For further details write in confidence to box H6221, Financial Times, One Southwark Bridge, London SE1 9HL

FOR SALE

Employment Agency based in one office in the Thames Valley specialising in temporary and permanent staff for the construction industry.

Write Box H6219, Financial Times, One Southwark Bridge, LONDON. SE1 9HL

RECRUITMENT BUSINESS

Attractive fully equipped city office (700 sq ft lease and good will.)

Write Box H6212, Financial Times, One Southwark Bridge, London SE1 9HL

HOTEL FOR SALE

Earls Court London SW5
30 bedrooms. Income £300,000. Freehold. Price £1.9m.

Contact Mr Khan/Mrs Brown
071-373 0359, 071-370 3310, 09274 29606

PROFITABLE LIFT COMPANY

Well established engineering lift company in South Yorkshire with unique product range and freehold workshop with modern offices adjacent to motorway.

Principles only write to Box H6204, Financial Times, One Southwark Bridge, London SE1 9HL

GENERAL INSURANCE BROKERAGE FOR SALE

In busy Berkshire town, close M4. Premium income £1m plus. Personal Lines and commercial. Fully computerised, staff available, excellent office location.

Write H6208, Financial Times, One Southwark Bridge, LONDON. SE1 9HL

West Sussex

Travel Agency for sale, with T.O. £2m+. This is an excellent opportunity to acquire a thriving South of England Agency with great potential.

Enquiries are invited in confidence. Write Box H6202, Financial Times, One Southwark Bridge, London SE1 9HL

FOOD COMPANY with BRANDED INTERNATIONAL PRODUCT

seeks
outright sale/joint venture partner

Write Box H6234, Financial Times, One Southwark Bridge, London SE1 9HL

West Midlands Precision Engineering Co.

Due to the retirement planning of the Directors, both of whom are willing to give a substantial service contract, this profitable C.N.C/tool making company is being offered for sale. An excellent company to suit an entrepreneurial engineer.

Principals only. Write Box H6233, Financial Times, One Southwark Bridge, London SE1 9HL

BUSINESS CENTRE South East location. Write principals only to Box H626, Financial Times, One Southwark Bridge, LONDON, SE1 9HL

Shakespeare Sportsboat and Glass Fibre *Plant Container Manufacturer*

Hartlebury, near Kidderminster

The Joint Administrative Receivers of Christian Day Limited offer the business for sale as a going concern, comprising of:-

- Fully equipped freehold premises of some 10,000 square feet on site of approx. one acre.
- Turnover:
  Glass fibre plant containers for interior landscape industry - £650,000.
  Shakespeare Range of sportsboats - £100,000.
- Plant, equipment, motor vehicles etc.
- Stock and work in progress.

For details, write to:-
A.J. Galloway and S.M. Quinn,
BDO Binder Hamlyn,
Mander House,
Mander Centre,
Wolverhampton,
WV1 3NF.

BDO BINDER HAMLYN

Chartered Accountants

BDO Binder Hamlyn is authorised to carry out investment business by the Institute of Chartered Accountants in England and Wales.

Leiston Engineering Ltd T/A Loading Logistics (In Receivership) Basildon

The above company's main activity is manufacture of loading bay equipment.

- Leasehold property
- Annual turnover £600,000
- Skilled workforce
- Substantial order book
- Prestigious customers

For further details please contact:

The Joint Administrative Receiver, Andrew Conquest, or his Manager, David Merrygold,
Grant Thornton,
Crown House,
Crown Street,
Ipswich IP1 3HS
Tel:0473 221491
Fax:0473 230304

Grant Thornton

The U.K. member firm of Grant Thornton International. Authorised by the Institute of Chartered Accountants in England and Wales to carry on investment business.

The Joint Administrative Receivers Offer For Sale

The Coin Group of Companies

Specialising in Injection, Compression & Transfer Moulding in thermoset and thermoplastic materials; and Surface Finishing & RFI Shielding.

- The Group operates from Leasehold Premises at Old Woking, Surrey and Eastleigh Hants.
- Group turnover is estimated to be in excess of £2.9m per annum.
- Comprehensive range of related plant & equipment both leased and unencumbered.
- Substantial stocks of raw materials.
- Major suppliers to the automotive industry and to MOD contracts.

For further details contact:- Nigel John Vooght, Joint Administrative Receiver Cork Gully, 9 Greyfriars Road, Reading, Berkshire RG1 1JG.
Telephone No: 0734-500336 Telex No: 848588 Fax No: 0734-607700

Cork Gully is authorised in the name of Coopers & Lybrand Deloitte by the Institute of Chartered accountants in England and Wales to carry on Investment Business

Cork Gully

BOOK PUBLISHER

25 years of organic growth has created a respected household name selling attractive and expensive special interest books worldwide, T/O of £2M. Budgeted T/O 1991 £2.4M.

Hugely successful price insentive long life back list stretching back to 1973. Net profit to April 1990 £100,000 +. Budgeted Net profit 1991 £150,000 professional. Management would increase this significantly while integration with existing publisher would produce 12% net.

Reason for sale - Board dispute. Editorial team willing to stay/advise price minimum £2.5M. Principals only Fax: 071 353 4761 ref: RDN.

BUSINESSES FOR SALE

Tuesdays, Saturdays and now FRIDAYS

For further information please contact

Gavin Bishop
on 071-873 4780
or
Sara Mason
on 071-873 3308

COMPANY NOTICES

OK BAZAARS (1929) LIMITED
(Incorporated in the Republic of South Africa)
Notice of 6% Second Cumulative Preference Shareholders
Dividend Number 103

NOTICE IS HEREBY GIVEN that the half yearly dividend of 3% has this day been declared payable on 30 May 1990 in the currency of the Republic of South Africa, to all holders of 6% Second Cumulative Preference Shares registered in the books of the Company at the close of business on 11 May 1990.

The usual non-resident shareholders' tax of 15% will be deducted where applicable.

The Register of Members will be closed in Johannesburg and London from 12 to 20 May 1990, both days inclusive, for the purpose of processing the above dividend.

BY ORDER OF THE BOARD

P E KRITZINGER
Secretary

Registered Office

OK Buildings,
90 Eloff Street
Johannesburg 2001

Transfer Secretaries

Barclays Registrars Limited
6 Greencoat Place
London
SW1P 1PL

3 May 1990

BUSINESS OPPORTUNITIES

READERS ARE RECOMMENDED TO SEEK APPROPRIATE PROFESSIONAL ADVICE BEFORE ENTERING INTO COMMITMENTS

RACE HORSE TRAINER

requires owner for steeplecaser with good winning form.
Tel:056 886/253.

FIRST CORPORATE FINANCE LTD

Development Capital - Acquisitions - Private Company Sales

TELEPHONE IN CONFIDENCE
01-495 4004

RODERICK GORDON

A Member of FIMBRA

CONTAINER LOAD INDUSTRIAL PAINTS 50P Lit also Half Million Items for Bath, Sink, Shower, Bidet fittings + to clear 2P each. 061.7927204.

LONDON PRIVATE CLIENT STOCKBROKING FIRM - small, profitable, experienced management with good products - is committed to expand by acquisition/merger or linking with another firm or individual equally ambitious. Principals only. Write Box F9769, Financial Times, One Southwark Bridge, London SE1 9HL

PLANNING APPROVALS SECURED on J.V. basis by Property Professional. Seeks Land with Potential. 0865 249480.

BUYING OR SELLING A COMPANY? Finance for Expansion? Gerhoff Bentley 01-748-6020.

COMMERCIAL LOANS

5-year capped rates from 9.5% minimum loan £1 million - maximum LTV 80%.

The Commercial Company of Wessex Ltd (0962) 842727

STORAGE AVAILABLE Six 900 sq.ft. buildings near Heathrow. Ring (0784) 433999

SMALL PUBLISHER REQUIRES buyer or investment capital for two successful titles. Call 081 882 1511

BUSINESS SERVICES

Stuttgart, Capital of Technology

You want to have a base in Germany? Stuttgart will be the right location for you. Your branch will be in a well situated villa, within minutes from the City. We offer you your own telephone line, monitored 12 hours a day and comprehensive technical facilities. Further, conference rooms, secretaries translators and correspondence in all business languages, and any other services you may require in your presence and absence. We collect and bring you from and to Stuttgart Airport with its 120 direct flights a day. For the basic price of 990, - $US a month, you have your branch in operation. Please write to . .

Reach Management GmbH & Co for International Branch Office Services in Germany, Haussmannstrasse 34a, D-7000 Stuttgart 1, Fax: code D+711 2261512

NIGERIAN PROMISSORY NOTES

Specialist traders in Nigerian debt

Telephone Mr Miller
01-346 7234

LOANS

Up to £1 million secured on domestic property to 90% of valuation or commercial property to 70% of valuation.

Open to directors, limited companies and partners, non status, no accounts or income proof required. No capital repayments.

Contact James Rye
Prestwood Rye Financial Planning Ltd
Tel (0272) 744495
(A MEMBER OF FIMBRA)

This service is not regulated by the Financial Services Act 1986 and the rules made for the protection of investors by that Act will not apply to it.

(CONSUMER CREDIT LICENCE NUMBER [illegible])

COMMERCIAL FINANCE

Competitive Rates
12.95% Fixed Interest Mortgages
Business Finance to 80% of cost
Asset-based Finance
Construction Finance to 100%

SOVEREIGN INSURANCE CONSULTANT (LONDON) LTD
Tel: 01-379 8322
Fax: 01-379 4152

Not all the services advertised here are regulated by the Financial Services Act 1986 and the rules made for the protection of investors by that Act will not apply to them.

PINEWOOD FILM STUDIOS

venue of the stars is available for all functions, conferences, exhibitions, and private parties. Full catering for 20-1000 people, 5 formal rooms, 3 elegant bars, beautifully landscaped gardens with marquee facilities, parking.

The Philip Hobbs Company
0753-656951, Rose Cassidy

1990 Golf Open

Private country mansion with magnificent public rooms and gardens offers accommodation, breakfast and dinner. 18 bedrooms, 6 miles from St. Andrews.

Tel: 0333 50313

DIRECT MAIL LISTS & SERVICES 100'S of ready-made lists immediately available. Suppliers to leading UK companies. Free catalogue. Market-scan, Freepost, Chichester, Sussex. Tel 0243 786711

BUSINESS AND ASSETS of solvent and insolvent companies for sale. Business and Assets. Tel: 071-262 1164

FINANCE FOR EXPANSION BY FACTORING. Specialist independent service tailor made for the small business with cash flow problems. County Factors Limited (0202) 660934

ACQUISITION RESEARCH professionally carried out including financial and shareholding data. Fully confidential. Tel: 071-258 0077.

BUSINESS WANTED

ACQUISITION/MERGER

Well established and highly reputable recruitment selection consultancy with professionally qualified and experienced team. Seeks acquisition/merger with similar or complementary service company in Home Counties.

Please write in total confidence to: Box H6230, Financial Times, One Southwark Bridge, LONDON. SE1 9HL

Thriving privately-owned textile company

making own-brand range of ladieswear wishes to acquire or merge with a company with complementary strengths, turnover up to £3m.

Write in strictest confidence to Box H6205, Financial Times, One Southwark Bridge, London SE1 9HL

ACQUISITION SOUGHT

Expanding PLC seeks to acquire a small manufacturing company in the leisure/giftware sector. Ideal opportunity for retiring owner or group divestment of company with £¾ million to £1½ million turnover.

Write to Box H6213, Financial Times, One Southwark Bridge, London SE1 9HL.

PUBLICATIONS WANTED

Profitable expanding Publishing Company wishes to purchase business to business titles. Principals only in full confidence to Box H6197, Financial Times, One Southwark Bridge, London SE1 9HL

NON-RESIDENT will purchase companies with tax liabilities. Will maximise price to vendor. Min Value £1M.TX: 84011111 BANK G FX: +41 21 825 1015

TECHNOLOGY MARKET

MICRO-SYS

CONSULTANCY AND DESIGN SERVICES
MICROELECTRONICS AND COMPUTER APPLICATIONS

Do you have a problem with:

- new product development
- value engineering of existing products
- shop floor process control
- the impact of new technology on your business

We are a professional quality conscious organisation providing cost effective solutions to manufacturing industry.

How can we help you?
Call Tony Waddington
on (0203) 414241

MICROSYS CONSULTANTS LIMITED
University of Warwick Science Park, Coventry CV4 7HS
Tel: (0203) 414241 Fax: (0203) 410428

EUROPEAN INSTITUTE of TECHNOLOGY

The EIT School of Technology Management Announces the Following Courses:

Strategic Management of Technology
May 22-23, 1990

A seminar to help senior executives make critical policy decisions regarding technology and corporate strategy.

Management of Technological Innovation in Industry
June 18-22, 1990

A course for managers, particularly from manufacturing industries, seeking to enhance their ability to manage technological innovation more effectively.

These courses will be conducted in English. They will be presented in historic Verona, Italy, providing an opportunity to combine business with pleasure. For further information, contact:

European Institute of Technology
Via Noris 1
37121 Verona, Italy
Tel +39-45-8006433 Fax +39-45-8001225

MANAGEMENT COURSES

SAFETY TRAINING

Civil claims are rising for repetitive strain injuries to office workers. Learn more at our workshop - "TACKLING TENOSYNOVITIS" on 24th May 1990 at the Bonnington Hotel, Southampton Row, London.

For booking details phone Shaftesbury Health & Safety consultants Ltd, St. Ives (0480) 63373

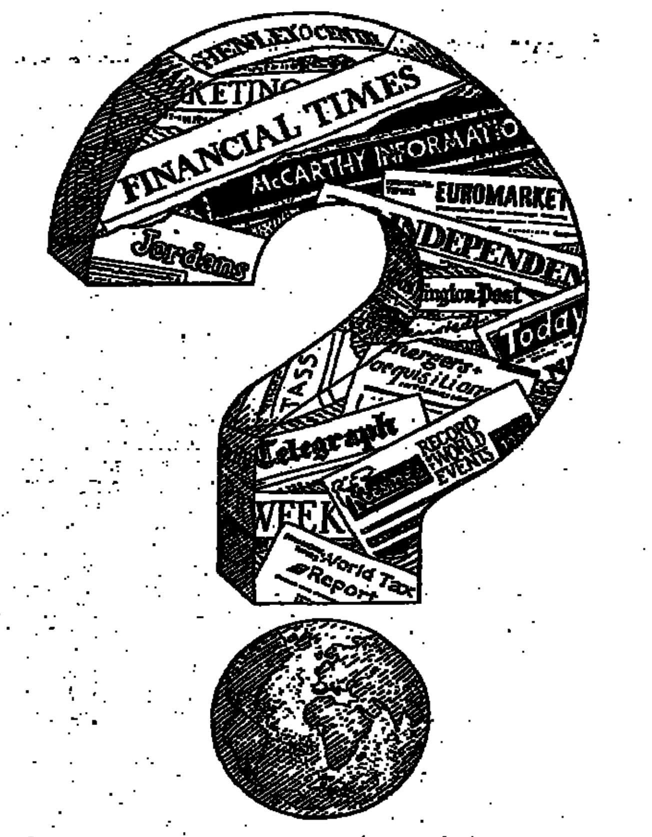
AUCTIONS

AUCTION ALGARVE, PORTUGAL

To be held on 28 May 1990 at the Dom Pedro Hotel, Vilamoura. Properties include apartments, villas, land, businesses, projects, hotels etc.

Contact Lindavila Lda.
Tel: (Portugal) 089 66364 Telex: 56612P Fax: (Portugal) 089 315 786

WHAT ON EARTH WOULD YOU LIKE TO KNOW



Everyday you have an array of questions which need answers. You need to know the background to issues in the news, companies, personalities – hundreds of different subjects. How do you research them all?

PROFILE is an online database that makes it easy! You can track down the answers you need in seconds from newspapers, newswires, business magazines, company reports and specialist market research. Millions of articles from leading publications like the Financial Times, The Guardian and the Associated Press newswire are available instantly.

If you would like to know more about the range of information available, telephone PROFILE on 0932 761444 or complete and return this coupon.

Name
Company
Address
Telephone
My Organisation's Business is
No. of employees: ☐ under 50 ☐ 50–100 ☐ 100+
I already use online ☐ Yes ☐ No

PROFILE Information, PO Box 12, Sunbury-on-Thames, Middlesex TW16 7UD
Tel 0932 761444

FINANCIAL TIMES PROFILE BUSINESS INFORMATION

AF FT 201 4/90

FT

FINANCIAL TIMES CONFERENCES

TELECOMMUNICATIONS AND THE EUROPEAN BUSINESS MARKET

London, 11 & 12 July 1990

Speakers include:

Dr Herbert Ungerer
Commission of the European Communities

M. Bruno Lasserre
Ministère des Postes, des Télécommunications et de l'Espace

M. René Kinsoen
European Council of Telecommunications Users Associations

Mr Hermann R Neus
IBM Germany

Professor Michael Beesley CBE
London Business School

Mr Derek Nicholas
Responsible for EEC Affairs, INTUG

M. Jean-François Berry
Association Française des Utilisateurs du Téléphone et des Télécommunications

Mr Alan Horne
TMA Representative, ETSI

M. Lionel Fleury
Agence France Presse

Mr Greg Staple
International Institute of Communications

Mr Peter Conchie OBE
British Aerospace (Space Systems) Limited

Mr Bernard Smedley
Motorola Inc

A FINANCIAL TIMES INTERNATIONAL CONFERENCE in association with Telecom Markets (FinTech 1)

There is a limited amount of exhibition space available at the conference

For information please return this advertisement, together with your business card, to:

FT **Financial Times Conference Organisation**
126 Jermyn Street, London SW1Y 4UJ
Alternatively,
Telephone: 071-925 2323
Telex: 27347 FTCONF G Fax: 071-925 2125

Questions which are left hanging in the air

William Packer looks at a not quite definitive exhibition of British figurative work

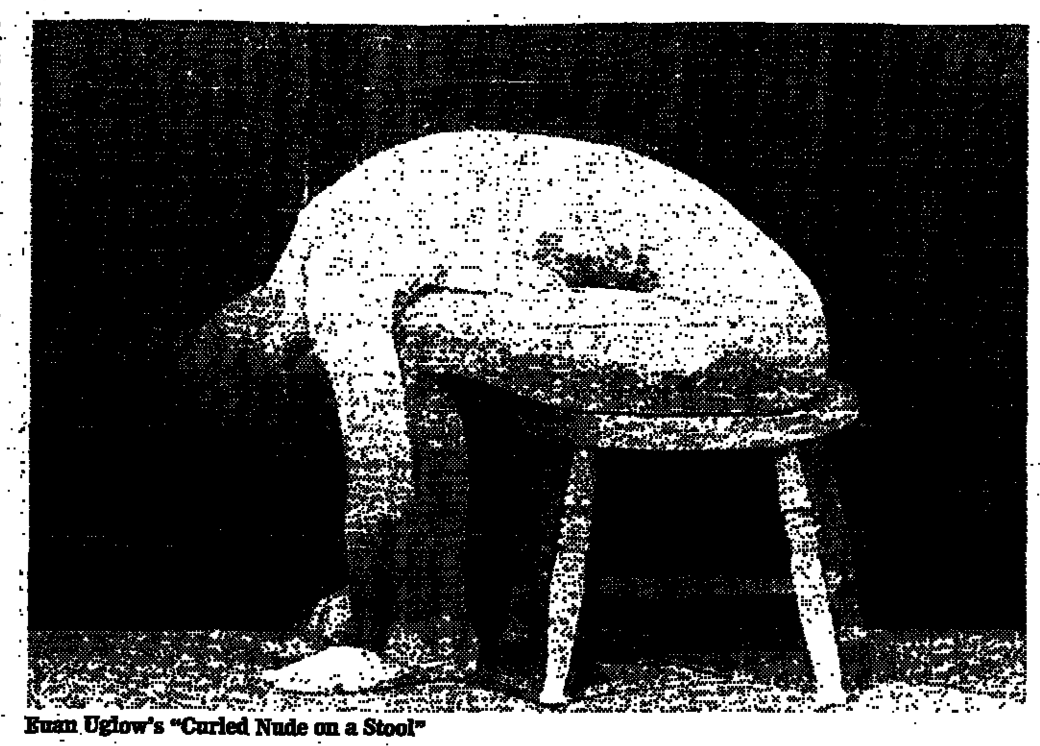
The Pursuit of the Real, the exhibition now at the Barbican Art Gallery (until July 8, then on to Glasgow: sponsored by Manchester Airport and The Paul Mellon Centre), is an anthology of modern British painting put together by the Manchester City Art Gallery, where it was first shown. Glossed in its subtitle as "British figurative painting from Sickert to Bacon," its critical intention to make a definitive survey is clear enough.

That title is a truism, for all artists pursue reality or they are not artists. Lucian Freud is quoted as saying, in effect, that the perfect painting can never be painted, "on completion of which the painter could retire." But the attempt must be made nevertheless, he suggests, in which the promise of happiness lies, to achieve a work that is true to the experience to which it relates – of seeing, of painting, of being *alive and sentient* in a living world. It is that truth that is the reality, no more, no less.

Artists are free, of course, to work towards this essential truth on any terms that seem *to them appropriate*. Here the common premise happens to be direct reference to the visible world, though by two distinct approaches, one of which is taken so far by Francis Bacon as virtually *to constitute* a third. The one is the close and direct scrutiny of the subject of the painting (Sickert, Spencer, Freud, Uglow, Coldstream, Wonnacott), with no mark made that does not bear direct relation to what is seen, for all that it must in some degree be organised, simplified and abstracted. And no image can ever escape the paint from which it is conjured, quite. The other is the more openly subjective and responsive (Bomberg, Auerbach, *Kossoff*, Bacon), the consciously intuitive response to the presence and experience of the model, constantly reworked until an image is more felt than realised in the paint, at once in sort a physical equivalent of the object and a true embodiment of the act of painting. The relationship between these two approaches is more a continuum than a polarity, no-one on quite the same point and several towards the middle, and shifting over time (Sickert, Freud, Andrews, Lessore).

The twelve artists are represented each by a substantial group of paintings hung together. Certain relationships are established by direct propinquity, but none that are not already common knowledge – Freud and Bacon, Kossoff and Auerbach, Coldstream and Uglow, Lessore and Wonnacott. Others, perhaps more intriguing, are left hanging in the air across the full width of the gallery. To what extent does Stanley Spencer, in his realist aspect as painter of the portrait and the nude, prefigure Freud? Just how close does Lessore sit to Sickert? Where *does Sickert sit with them all* as grand old man of British painting in the 20th century? Is Bacon the odd man out?

The critical effect of such questioning in principle is rather *centripetal* than centrifugal – the show flies apart. We come away asking ever



Euan Uglow's "Curled Nude on a Stool"

more questions instead of savouring even an answer or two. *Sickert* is a major artist by any count, if lately too much neglected, his influence upon later British painting general and profound where Spencer's or Bomberg's was *personal* or *limited* to a narrower coterie. The absence of anything to place him in his context, of Whistler, Nicholson, Gilman and Camden Town, the Johns and the rest leaves the show *treading* water.

British figurative painting from Sickert to Bacon indeed, so what of that crucial period between the wars, of Monnington, Procter, Newton, Frampton, Munnings, Laura Knight and Ethel Walker? What of the North Brits, the Scottish School that in all this time has been so *active*? And after the war, can Coldstream's palely conscientious dot-and-carry truly stand alone for the vigour of the academic Sickertian tradition sustained by Greenham, *Spear, Weight, Tindle, de* Grey, Brooker and Moynihan? And what of sports such as Tristram Hillier, or such notable reactions as the new realism of *the kitchen sink*?

To criticise a show for not being another show that the critic might prefer, is unfair, but here we have promises that in the event cannot be *delivered. British art in our* period can bear of any number of partial and particular studies, and this is but one of them. Where it is suspect is in the false claim it makes, honestly *intended no doubt* but ringing untrue all the same, to substantiate the currently fashionable idea of the existence of a particular school of modern painting, but one of highly dubious critical credentials. The work is fine, but I doubt such a thing as a *School of London, in its narrowest* sense, has ever existed.

When the London-based American painter R.B. Kitaj used the phrase in his introduction to *The Human Clay*, an *exhibition he selected for the* Arts Council in 1976, he put it to a very particular use, to embrace a catholicity of achievement and a creative strength he felt were too little celebrated at home or known abroad: "A School of real London in England, in Europe ... with potent art lessons for foreigners emerging from this odd old, put upon, very singular place." What has happened since is that certain enthusiasts have taken it upon themselves as a truth to be demonstrated, that a more closely identifiable school actually exists, with the most critically acceptable of figurative painters for members, along with their more obvious acolytes. The nonsense only comes when too much is made of it, as here with this leap from Sickert to Bacon, and the putative connection the title of the exhibition suggests.

All this is not to say that this show is not full of fascinat*ing, beautiful and powerful* individual works of art, well worth seeing for themselves alone and unlikely to be brought so conveniently together again in a long time. *Its fault is merely that of rais*ing expectations, only to leave them unresolved.

Andrei Gavrilov

BRIGHTON FESTIVAL

Each year Glyndebourne invites the Brighton Festival for a couple of weekend afternoon recitals. Andrei Gavrilov, the Moscow pianist, filled the theatre on Sunday for an agreeably out-of-the-ordinary programme (sponsored by Ewbank Preece), of *Skryabin*, Ravel and Prokofiev, delivered forcefully, even remorselessly, but not at all unmusically. Rhythms dancedand lashed, the tone clanged but the tex*tures remained clear*. "Fingers ofsteel" is a cliché one can't hope to avoid with thismuscular pianist (he is in his thirties), but the metal is of sterling nature. When the storms subside Gavrilov can spin as adamant a melodic line as the new generation of Soviet baritones. The platform manner is friendly but abrupt. No waiting for the audience to settle: the no-nonsense attack immediately secures attentive silence. Little waiting, either, between movements or separate pieces. I wonder howmany in the audience not familiar with the seven *Skryabin* Preludes of the first group were sure exactly when one of these chips of quick communication (the feeling not superficial but boiling very near the surface) *finished and the next one* began. The sensation of much emotioncompressed into a small space extended to Skryabin's Fourth Sonata in F sharp, the second and last *movement* like *foaming* sunlight.

The short but satisfying recital (only one encore, quite firmly) ended with the Eight Sonata of Prokofiev, a biggish work with a good deal of anxiety concealed behind a broad layout with room for lyricism. Just far enough removed from the earlier, "barbaric," naughty-boy Prokofiev to explain whyGavrilov's palette here was less, not more, aggressive than in the other composers. The place of honour before the interval went to Ravel's *Gaspard de la nuit*. One can imagine more "poetic" readings (the quotation marks are the giveaway) but few with such a formidable technique put to such hair-raising use. Ondine the water-Sprite had claws. The gibbetlandscape was ghastly. In "Scarbo" the knives were out.

Music at this year's Brighton Festival has an East European slant. Still to come as well are many more recitals, at the Royal Pavilion, at the Gardner Centre and elsewhere (altogether a generous and encouraging amount ofchamber music), and distinguished orchestras from Moscow and Leipzig. The special attraction is the Polish State Opera of Poznan. During the present week they give, in the Dome, the UK premiere of Penderecki's *The Black Mask*, a Salzburg Festival commission of 1986 (Tuesday and Friday), and Chaikovsky *Eugene Onegin* (Thursday and Saturday).

Ronald Crichton

63: Dream Palace

MUNICH BIENNALE

The Munich Biennale is everything a showcase of new opera ought to be – firmly guided by Hans Werner Henze, in no sense a figurehead *eminence* but an active, attentive director, generously funded by the city of Munich and local industry, and offering access to all the performing and rehearsal facilities a young composer could possibly want. It is, in short, the kind of enterprise that our own Garden Venture could become – given the level of funding *that* any new opera needs to do itself justice — for if the Biennale demonstrates anything, *it* is that mounting new opera in a half-baked penny-pinching way does no good at all to composers or their audiences.

The current festival is the second, and has already acquired its *succès de scandale* in the shape of Wolfgang von Schweinitz's *Patmos*, staged by Ruth Berghaus, on which David Murray reported has already reported here. Hans-Jürgen von Bose's *63:Dream Palace*, worked up from James Purdy's novel of the same name, is likely to be less controversial, but is an intriguing and tantalising piece of theatre all the same, flawed yet showing genuine theatrical flair and containing passages of striking musical invention.

Von Bose flitted briefly through the consciousness of London new music when the London Sinfonietta programmed one of his piece in the late 1970s; last year the Ensemble Moderne brought another to the Bath Festival. That, a handful of broadcasts aside, has been that, yet *63:Dream Palace* is Von Bose's third opera, preceded by a one-acter, *Blutbund*, in 1974 and a full-scale *Werther*, in 1984.

In one sense, however, knowledge of his previous works is by no means a prerequisite for getting to grips with the new opera, for Von Bose admits to a sea-change in his style during its composition: "It forced me to become involved with areas such as jazz and rock music, which until then I had completely neglected, and shook my musical view of the world."

Certainly the range of musi*cal references and the stylistic* dislocations in *63: Dream Palace* are startling to anyone expecting something in the mould of Von Bose's earlier beautifully crafted, exquisitely "heard" pieces, though the best music in the opera is to be found, ironically, in those passages in which his refinement and sense of instrumental colour reassert themselves. It is a brave attempt to come to terms with Purdy's teeming, eloquent novel, however, from which the composer has distilled a taut and thoroughly operatic libretto.

63:Dream Palace tells the story of the 19-year-old Fenton Riddleway, raised in rural West Virginia, who on the death of his mother has been mysteriously lured to Chicago with his eight-year-old brother Claire. They squat in a derelict house (the "Dream Palace" on 63rd Street) and Fenton is picked up by the writer Parkhearst, who offers him a new life with the rich widow Grainger and her entourage of fawning gays. Fenton is pathetically torn between love for his preternaturally wise, religious brother and his desire to better himself – that the "better life" is a mirage, tawdry and exploitative, only sharpens the tragedy. The end is gruesomely predictable – Fenton strangles his brother in the Dream Palace: "Home, Claire, you're going home at last."

It is raw-edged, desperate stuff, presented in an utterly unsentimental way. There are surreally comic sections, driven with a manic intensity – a set-piece vaudeville routine for Grainger's acolytes, shorter satires in a bar and at a therapy group where Parkhearst goes to resuscitate his flaky marriage. American popular styles infiltrate the score too – not just rock and jazz, but blues (many of the vocal lines in the early scenes could have been lifted from Gershwin) and bluegrass fiddles, and they mingle with transfigured instrumental writing of great poise and power: the opening of the opera, strings tinged by accordion, and the close of the *first half, a rapt trio for the* two boys and the ghost of their mother, linger in the mind. In the end, though, the mixture does not quite cohere; there is too much satire, the work is *perhaps 20 minutes too long.*

It was staged here by Jonathan Moore (Turnage's collaborator on *Greek* at the last Biennale) with wonderful resource and comic sense. The cast was led by Philip Sheffield's gauche, doomed Fenton and Omar Ebrahim's shambling Parkhearst; the role of Claire was shared between two brothers Barry and Alistair *Flutter, while Patricia Bardon* offered an appropriately OTT cameo as the lush Grainger. The Ensemble Modern was conducted by Alicja Mounk. Not a fully achieved evening, *but fascinating all the same.*

Andrew Clements

Swan Lake

BOSTON BALLET

The Boston Ballet's new production of *Swan Lake*, unveiled at the beginning of May, is an important event, both in the company's development and in the annals of American-Soviet co-operation. Inevitably dubbed the "glasnost" *Swan Lake*, it was "conceived and produced" by Bruce Marks, the company's artistic director, and staged by Konstantin Sergeyev, director of the Vaganova *Institute in Len*ingrad, with the assistance of his wife, the former ballerina Natalia Dudinskaya.

The scenery, by the American designer John Conklin, was painted and built partly in Moscow, in the Bolshoi Theatre studios, and partly in Boston. The leading roles are being danced by guest artists from the Kirov and Bolshoi Ballets and by members of the Boston Ballet. The Soviet guests are paired not with one another but with dancers from the host company.

Sergeyev first staged *Swan Lake* at the Kirov forty years ago, and his version is the one in that company's current repertory. Much of the choreography is recognisably the same as that first staged in its entirety in the West by the other Sergeyev, Nicholas, for the Vic/Wells Ballet in 1934, but with certain changes that reflect Soviet taste or, as some might say, lack of it. For the Western purist the most lamentable change is the excision of the mime passages: the Queen Mother's admonition to Prince Siegfried in Act I, Odette's narration in Act II, and Siegfried's betrothal to the impostor Odile in Act III.

Equally deplorable is the addition to the cast of the court jester, who has no dramatic function: his chief raison d'être is to spin endless pirouettes. In the USSR Odette and Siegfried live happily ever after. At Bruce Marks's insistence, the Boston version reverts to the original, tragic ending of the lovers' suicide, with an apotheosis showing them reunited in eternity.

It has become the fashion in Western productions of *Swan Lake* (and *Sleeping Beauty*) to give the premier danseur a moody solo, and although there is none in the Kirov production, he has one here: in fact he has two, one in the middle of Act I and another at the end of the act to the first occurrence of the "swan" theme.

The chief virtue of Sergeyev's production is that it scorns Freudian interpretations and other such impositions, so that the principal dancers are free to develop their own characterisations without having to follow some irrelevant "concept." Its chief defect is musical, the Soviet predilection for tempi that vary from the sluggish to the funereal. At the performances I saw, the Bolshoi ballerina Nina Ananiashvili danced with Fernando Bujones, a permanent guest artist with the Boston Ballet, and Boston's Marie-Christine Mouis danced with Konstantin Zaklinsky from the Kirov.

Ananiashvili is a very gifted dancer with beautiful line. As an actress she is a little impassive, and I could not detect any chemistry between her and Bujones, whose most emotional moment came when his mother gave him a crossbow for his birthday.

Ananiashvili clearly suffers from the Soviet practice of indulging dancers musically; their conductors follow them rather than setting a tempo that they have to follow. She does not breathe with the phrase and spin out a long legato line. Only in the last act, when tempi were faster and stricter, did she show signs of what a musical dancer she could become. Mouis, on the *other hand, is musical, and a* lovely dancer, who seemed to have a real rapport with her partner, the much improved Zaklinsky. Theirs was a more satisfying performance.

John Conklin has set the ballet in the 16th century rather than in mediaeval times. The most noticeable, if puzzling, feature of the lakeside settings is a ruined observatory tower that increases in size with each scene change. As is often the case, the third act, the ballroom, with its implausible, not to say hideous architecture, is the least successful in design.

In any production of *Swan Lake* the corps de ballet plays as important a part as the principal dancers, and the Boston corps rose to the challenge, having been drilled, no doubt, within an inch of its life by Sergeyev and Dudinskaya. This *Swan Lake* represents a bid for national, and possibly international status, and on the whole proves that the company deserves it.In Boston itself, there is no doubt of the production's success. The Wang Center, formerly a picture palace, seats 4,000 and has been packed at every performance. *Swan Lake*, as ever, is the ballet people want to see.

David Vaughan

Songmakers' Heine

WIGMORE HALL

On Sunday the Songmakers' Almanac celebrated the poet Heinrich Heine for the better part of six hours, counting the hour's interval after the first two-and-a-half. There was, certainly, a sense of "Yes, we have come through!" at the end. But for the Almanac format, Heine has two great advantages over some other song-heroes (and heroines) they have explored at length: his own life was deeply interesting – and splendidly, quotably recorded by himself; and his poems inspired a century's worth of good and great songs.

The latter fact is easily explained. Heine wrote the right kind of verse (and a great deal of it) at the right time, in the right country – or at least in the right language, for this revolutionary spirit spent his later years prudently exiled in France. His verses are pithy, *concise, laden with feeling but* wry, liable to turn a mood around brilliantly in a single phrase. He began writing early enough for Schubert to discover him (for the great *Schwanengesang* songs), even before Mendelssohn and Schumann; but he lived through much of the Austro-German hegemony in concert song, and his disdain for conventional airs-and-graces ensured that his poems continued posthumously to sound "modern."

Understandably, this Almanac exercise had a lot of spoken text – usually informative and rewarding, sometimes tendentious; but for once, the bits of vulgar psychologising were regularly put in their place by the far tougher intelligence of their subject (played by Gabriel Woolf with practised resource).

The Heine songs amounted to a feast. Again Graham Johnson, the Almanac director and pianist, had found pairs of settings from different hands, and revived some by excellent composers which have lost out to still better (or just popular) versions. The Robert Franz settings here were particularly sympathetic.

The main courses had inevitably to be Schumann's op. 24 *Liederkreis* and his *Dichterliebe*. The former was assigned to the young baritone Jeffrey Black in the first half, who struck his best form later (beautiful in Liszt and Brahms); his *Liederkreis* songs were delivered in fairly broad terms, with too much bluster at the top. Adrian Thompson was luckier, getting the earlier heavy beat in his tenor under control for a fresh, heartfelt *Dichterliebe*. The soprano Yvonne Kenny sounded lovely in everything she sang (except, for some reason, Chaikovsky); the new Welsh bass-baritone Bryn Terfel made a colossal *impression, above all in Schub*ert's "Der Atlas."

Terfel is a singer of precocious achievement and extraordinary potential. In this vocal company Richard Jackson's baritone was out-classed, but his more specialised talent made its intelligent mark in several songs (and hard work has done wonders for his old vocal frailties). As a quartet, the male voices were tolerably well-tuned only in the last of their three songs. Johnson himself offered unlimited sympathy to his singers and many quick insights in his accompaniments. In slower music he seemed to be distracted – many a Schumann song drifted a-rhythmically toward a vague, provisional close: *never* a Schumannesque device, though within a cycle he sometimes likes a provocative suspension to cue the next number.

David Murray

Floridante

TOURING

Not all opera companies can afford to give the regular orchestra a night off and hire a baroque band when a baroque opera is being done. Nor, espe*cially in America, can all opera* companies venture upon the full staging of a Handel opera in a full musical edition that may be shunned by a Puccini-attuned subscription public. *Hence the value of such things* as the semi-staged, platform-presented Hogwood *Orlando*, from the Academy of Ancient Music: a road show that pleased audiences in America *and* in Europe.

And now the North American premiere of Handel's *Floridante*, which was presented by Tafelmusik, Toronto's baroque orchestra, to audiences in *Toronto, Ottawa, and* Berkeley, California. Alan Curtis conducted an international but largely Canadian cast and I heard it – and with delight – in Berkeley. Delight was tempered, however, by the two disappointments. Cast illness and travel mishap had caused the "semi-staging" to be reduced to pretty well a straight concert performance; and that performance was given in Zellerbach Hall, a big concrete bunker in which voices do not flower.

Handel began *Floridante* when he thought Durastanti would be his prima donna. When she cancelled the season, he adjusted what was already composed and completed the rest for the lower voice of Anastasia Robinson. Zehava Gal, a mezzo of wider range than Miss Robinson, restored the (unpublished) Durastanti versions of the earlier arias, which were thus having their world premiere. She dropped the *last aria*, "*Si, coronar*" ("tends to trundle" is Winton Dean's phrase for it), and replaced it with the show-stopping "Dopo notte," an aria from *Ariodante*, composed 14 *years later, for the castrato* Carestini.

It's on a larger scale than anything in *Floridante*, but in a way it seemed a dramatic counterpart to Elmira's "Notte *cara," a wonderful night-piece* earlier in the score and in any case Miss Gal's flashing account of it silenced stylistic objection. Floridante, the Senesino role, was sung by Cather*ine Robbin with aplomb*, finesse, and beauty of tone. Nancy Argenta as Rosanne, the seconda donna, was charming, and so was Ingrid Attrot as Timante, her lover.

Tafelmusik is not my favourite band, but Curtis often inspired it to render more than the surface of the music. His dramatic and musical pacing was sure. The opera moved well and it is a good work.

I gave the first, pioneering modern revival (Abingdon, 1962) a warm welcome in these pages. Nearly 30 years on, we hear the opera with "period" instruments, in a much fuller text, and with expert, stylish singers.

Andrew Porter

ARTS GUIDE

May 11-17

OPERA AND BALLET

London

Royal Opera, Covent Garden. The heavy, dramatically unimpressive 1989 production of *Il trovatore* by Piero Faggioni returns with Carol Vaness, Walter Donati, Eva Randova, and Sergey Leiferkus in leading roles, and Edward Downes as conductor.

English National Opera, Coliseum. The return of *The Marriage of Figaro*, in Jonathan Miller's much-revived production, brings back Valerie Masterson, Lesley Garrett, and Ethna Robinson as ENO Mozartians, and introduces Steven Page's Count and Gregory Yurisich's Figaro.

Paris

Bastille Opéra. The newly inaugurated controversial opera house presents Janacek's mystical *Katia Kabanova* in which sensuous love is followed by remorse and guilt and a final tragedy. Ends Sat. (40011616).

Paris Opéra. *Swan Lake* in Nureyev's choreography after Petipa and Ivanov with the Paris Opera Orchestra conducted by David Coleman and Michel Queval (47425371).

Théâtre de la Ville. Mats Ek and Ballet Cullberg are followed by Pina Bausch and Wuppertal's Tanztheater with a performance inspired by Macbeth's tragedy (42742277).

Brussels

Théâtre Royal de la Monnaie. The Monnaie Opera in Janacek's *From the House of the Dead*. Sylvain Cambreling conducts the Monnaie Orchestra. Staging by Peter Mussbach, sets by Johannes Schutz with Dale Duesing as Gorjancikov, Ronald Hamilton as *Skuratov* and *Stefanie Rhaue* as Aljeja.

The Hague

Muziektheater. Netherlands Opera production of *Salome* by Richard Strauss, with Eva-Maria Bundschuh in the title role. Hartmut Haenchen conducts the Netherlands Philharmonic.

Milan

Teatro Alla Scala. The Scala Ballet Company in Birgit Cullberg's Signorine Giulia and Paolo Bortoluzzi's *E così via*, with sets designed by the choreographer and music by Jacques Charpentier (80.91.26).

Rome

Teatro Dell'Opera. Last performance this season is Verdi's *Luisa Miller* in Boris Stetka's production conducted by Roberto Abbado. Aprile Millo leads the cast. (46.17.55).

Venice

Teatro La Fenice. A fine and much-applauded performance by baritone Renato Bruson in Verdi's *Ernani*, conducted by Donato Renzetti (alternating with Dario Lucantoni). Claude d'Anna's production is done in collaboration with the Regio at Parma and the Bologna Comunale (5210161).

Berlin

Opera. Götz Friedrich's *Rheingold* production has fine interpretations by Hanna Schwarz, Lucy Peacock, Robert Hale, Matti Salminen and Ekkehard Wlashiha. *Die Walküre* also part of the *Friedrich Ring* cycle features Karan Armstrong, Ute Vinzing, Ute Walther, Warren Ellsworth, Matti Salminen and Robert Hale. Also in repertory: *Don Giovanni, Die Zauberflöte, Madame Butterfly* and *Tosca*.

Hamburg

Opera: *Faust* is excellently sung by Josef Protschka in the title role. This week's higlight *Tristan und Isolde* stars Gabriele Schnaut and Spas Wenkoff and will be conducted by Ralf Weikert. The two one act Rossini operas *La Cambiale di Matrimonio/Il Signor Bruschino* round off the week.

Bonn

Opera. *Die Fledermaus* returns with a strong cast led by Ludwig-Baumann, Pamela Coburn, Claudia Rueggeberg, Krisztina Laki and Helmut Lohner. Last performance of *Madame Butterfly* with Yoko Watanabe outstanding in the title role, Chieko Shirasaka, Neil Rosenshein and Richard Cowan. The new successful *Das Rheingold* production brings Wagner specialists Siegmund Nimsgern, Graham Clar, Hermann Becht, Manfred Schenk and Hanna Schwarz together and is conducted by Dennis Russell Davies.

Frankfurt

Opera: *Fire/New Sleep* is jointly choreographed by William Forsythe, Laura Dean, Daniel Larrieu and Amanda Miller. Schoenberg's rarely played *Moses und Aron*, produced by Herbert Wernicke was very successful, when it opened with Gerhard Faustich and William Cochran in the title roles. *Otello* stars Rene Kollo in the title role, Frederick Burchinal and Helena Doese. Further offered *Rigoletto* and three Offenbach pieces.

New York

American Ballet Theatre. The 50th anniversary season includes this week Mikhail Baryshnikov's *Giselle* and an evening of Twyla Tharp's choreography. Ends June 30. Opera House at Lincoln *Center* (362 6000).

New York City Ballet. With a repertory still heavily steeped in Balanchine, the company features a festival of Jerome Robbins's ballets in the middle of a season that lasts till July 1. New York State Opera House, Lincoln Center (870 5570).

Washington

Washington Ballet. The mixed programmes include works by Goh, Christe, and Cranko set to music, respectively, of Scriabin, Shostakovich, and Debussy. Ends May 19. Kennedy Centre Terrace Theatre (467 4600).

Tokyo

Idomeneo. With Philip Langridge, Vinson Cole, Edith Wiens. Seiji Ozawa conducts the Tokyo Bunka Kaikan (Mon), Bunkamura, Orchard Hall (Thur) (289 9999, 499 1531).

Kaidan Kaiin no Uma. Modern dance by the Dairakudakan troupe, with music by Ryuichi Sakamoto. Tokiwa-za (873 58759). Ends Wednesday.

FINANCIAL TIMES
NUMBER ONE SOUTHWARK BRIDGE, LONDON SE1 9HL
Telephone: 071-873 3000 Telex: 922186 Fax: 071-407 5700
Tuesday May 15 1990

A shot across Kohl's bows

The setback suffered by Chancellor Helmut Kohl's Christian Democratic Union in two vital state elections is of more than usual significance at a time when German unification talks are entering the home straight. The victory of the Social Democrats (SPD) in North-Rhine Westphalia and Lower Saxony, which together represent 40 per cent of the national electorate, may not be an absolutely reliable pointer to the federal elections at the end of the year. There can be no doubt, however, that it does reflect the concern of the voters about the consequences, particularly in the financial field, of German unification.

The most surprising aspect of the elections was the defeat of the CDU during an economic boom in West Germany and so soon after its astonishing victory in the first free poll in East Germany, both of which could have been expected to give Mr Kohl and his party a big boost. While the Christian Democrats could hardly have been expected to overturn the large SPD majority in North-Rhine Westphalia, their loss of Lower Saxony, admittedly as the result of only a tiny swing, is altogether more serious. As a result, the SPD has won a majority in the upper house of parliament, the Bundesrat, which could make life very difficult for the Chancellor.

The Bundesrat not only has to ratify the proposed treaty between West and East Germany, but can veto the federal government's legislation affecting the states' finances, with obvious consequences for Mr Kohl's plans for financing German unity. These projects, as the election campaigns and results underlined only too clearly, have provoked fears that the West German taxpayer will be forced to bear too big a share of the cost of helping East Germans to catch up with their Western cousins.

Deprived states

Both Mr Johannes Rau, the re-elected premier of North Rhine-Westphalia, and Mr Gerhard Schro"der, the new leader of the Lower Saxony government, emphasised during their campaigns that their states could be deprived of billions of D-marks over the next few years as a result of Mr Kohl's plans for the La"nder to provide as much as one-third of the funding of German unity. In the case of Lower Saxony, with its long frontier with East Germany, the bill could be even higher, since it would lose the large special government subsidies granted at the moment to border regions by the federal government.

Floating voters

Nor were overall economic forecasts for the year following unification calculated to bring the CDU support from floating voters, in spite of West Germany's current excellent economic situation. Unofficial Finance Ministry estimates, which have been circulating in Bonn, put the probable central Government budget deficit next year at more than DM100m, of which as much as half would come from West Germany. Though Chancellor Kohl and his Finance Minister, Mr Theo Waigel, have repeatedly ruled out tax increases to finance unification, Mr Schro"der has argued that these promises are looking less and less credible as estimates of the costs of the whole operation continue to mount.

Mr Kohl cannot afford to ignore the shot across his bows which has been delivered by so large a section of the electorate. He will be obliged to move fast to repair the political damage done to the CDU and his own reputation and to restore public confidence in his unity plans. That may require holding all-German elections, instead of just West German elections, at the end of the year, so that he can exploit the strong support for the Christian Democrats in East Germany, a step already hinted at by Mr Kohl.

The state election results have shown that, as the early euphoria about German unification evaporates, the German people of both East and West are beginning to take a more hard-headed approach to the whole process and seeing more of the disadvantages. This greater realism may be all to the good, because the long-term problems, particularly in the economic and social fields, promise to be much more serious than at first predicted.

Patents for pharmaceuticals

THE PROPOSAL by the European Commission to increase the period of patent protection for new pharmaceuticals raises difficult questions. This is not surprising. The plan – expected to take force by 1992 – does, after all, look look like a blatant piece of favouritism towards the already successful and highly profitable west European drugs industry.

The Commission wishes to compensate for the long development times of new drugs, which frequently absorb as much as 12 years of the normal 20-year patent life. New pharmaceuticals require much more extensive testing than virtually all other industrial products. The trials on a new drug, required by increasingly tough government safety regulations, often involve scientists studying how the product works in tens of thousands of animals or people.

Behind this tortuous process is the praiseworthy ideal of safeguarding public health. But the drug industry contends that it should not be a martyr to this cause, through erosion of patent lives and the resulting competition from makers of off-patent generic drugs, which are normally much cheaper than the original patented product.

Under the Commission's plans, patent extensions for new drugs would be made through a new legal instrument, a "supplementary protection certificate". A drug company could apply for such a certificate after a new product had gained marketing authorisation in any EC nation. The certificate, issued by local patent offices, would add to the patent protection on a sliding scale, depending on the exact time of development. There would be a maximum effective patent life of 16 years. No certificate would run for more than 10 years.

Unique problems

Although treating the drugs industry as a special case might set an unfortunate precedent, the pharmaceuticals business does, indeed, face unique problems in getting its products into the market. A more obvious concern for the EC is that the medicines business is already highly profitable. Politicians are more at home with pleas for special treatment from fading industries such as shipbuilding.

Against this, the drug industry argues that its profitability is at risk over the long term. This risk arises, says the industry, from higher research costs, increased competition from makers of generic drugs and tighter cost pressures on the national health agencies, the main paymasters for pharmaceuticals in Europe.

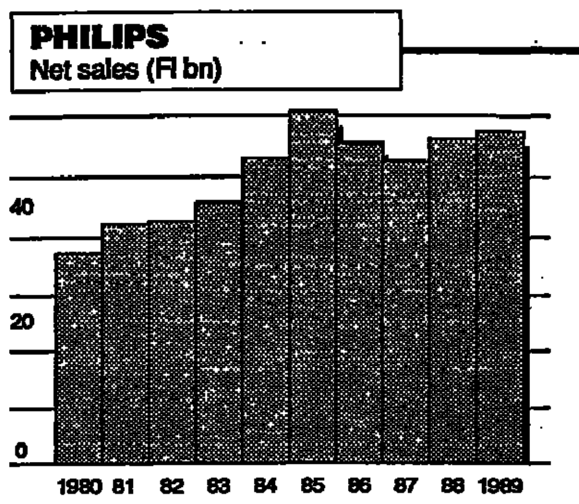
Containing prices

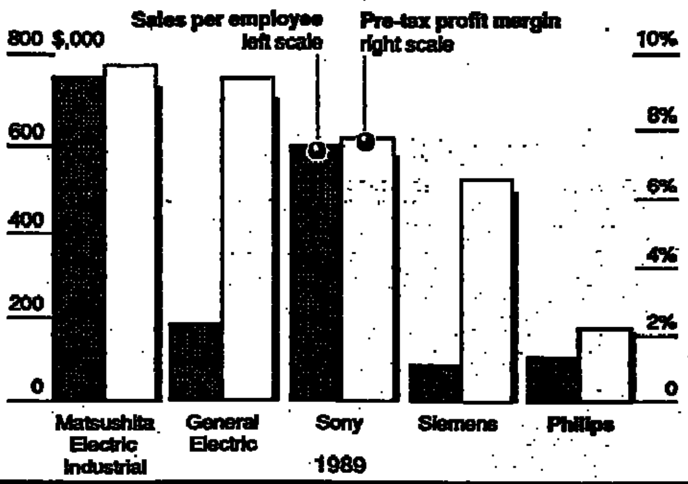
The US has already introduced laws to extend patent periods for medicines, a change that helps the drug makers' case in the EC. The US legislation was, however, part of a package that helped generic-drug manufacturers too. Thus the amount of data producers of generic drugs have to submit when applying for authorisation on an off-patent product has been reduced. The inclusion of these two elements has helped to contain price rises in the US. Why have such ideas not been included in the European proposals?

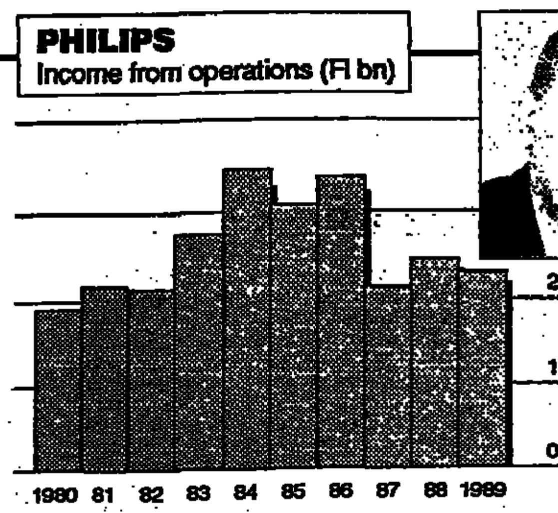
Equally, why has there not been more discussion about the underlying reasons for the long development times that are at the root of the industry's problems? Companies could do more to hone their own research programmes, so reducing the time between invention and a first request to a government office for marketing approval. In many countries the state bureaucracy concerned with sifting through drug-registration data needs to be overhauled as well.

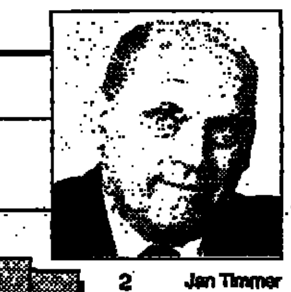
Some of these changes could be made a part of the plan to centralise elements of EC-wide drug approval, which is included in the 1992 programme. There should also be a close look at the safety rules on new drugs. In some cases – AIDS therapies, for instance – new and useful treatments may be taking too long to reach the market place because of caution over safety.

The broad objectives of the Commission's plans on drug patents should be supported. But its proposals provide only a part of the right framework for the industry in Europe.









Jan Timmer

Sources: Datastream / Morgan Stanley Capital International / Company reports

Guy de Jonquières and Michael Skapinker on the array of problems facing the Dutch electronics giant

A sudden fall from grace at Philips

The appointment of chief executives at Philips of the Netherlands has traditionally been as stately and closely-guarded a process as a papal election. But yesterday's announcement that Mr Cor van der Klugt is to retire a year early to make way for Mr Jan Timmer at the helm of Europe's largest electronics company had an unmistakable whiff of crisis about it.

Mr Timmer faces a formidable array of challenges, of which the most urgent is to re-build the shattered confidence of shareholders. Until now, that has not been a high priority: Philips has long treated investors with lordly disdain and has been sheltered by elaborate takeover defences from the consequences of its mediocre financial performance.

However, even Philips could not ignore the financial markets' anger and dismay 10 days ago at the collapse of first-quarter operating income, which fell to Fl 6m from Fl 223m last year. What really shook shareholders was that the reverse completely surprised the company's top management, which only weeks earlier had forecast a buoyant 1990.

At the very least, the *débâcle* casts grave doubts on Philips' management and financial controls. Beyond that, it raises still more fundamental questions about the 99-year-old company's hopes of remaining one of Europe's few world-class players in electronics and high-technology.

Mr Timmer inherits a company with Fl 57bn turnover last year, 305,000 employees and operations in more than 60 countries. Under Mr van der Klugt, Philips sold off activities ranging from toothbrushes to defence systems to concentrate on four core businesses. These are consumer electronics, electronic components, lighting and information systems.

Philips is renowned for its excellent research and development, which has spawned innovations including videorecorders and compact discs. However, it has consistently had difficulty turning invention into profits.

Stung by fierce Japanese competition, the company has belatedly sought since the mid-1980s to improve its performance. It has shut more than 70 factories, mainly in Europe, reorganised its sprawling and fragmented business structure into centrally-run product divisions and beefed up its marketing effort.

But these measures, though often painful, have clearly not gone far enough. Not only does the efficiency of many of Philips' operations still compare poorly with the standards of leading international competitors, it is also questionable whether the company has a long-term future in at least two of its core businesses.

The area most in need of Mr Timmer's attention is information systems, which is believed to have lost money in the first quarter. Philips' problem is that its computer operations are far too small and narrowly-based to survive in a ruthlessly competitive market where even IBM faces a rough ride. It is also weak in telecommunications, having spun off its activities in a joint venture with American Telephone and Telegraph.

Mr van der Klugt has hinted that Philips, recently in talks with Italy's Olivetti, wanted to expand in computers by acquisition. That looks doubtful now, given the company's financial difficulties. It seems more likely that Philips will be forced to dispose of its information systems division or turn it into a joint venture.

The second problem area is electronic components. Here the dilemma is brutally clear. Philips is the world's tenth-largest semiconductor manufacturer and is committed to staying in the forefront of technology. But to do so, it will need to continue making massive capital investments in an unforgiving industry where even the Japanese find it hard to earn profits. Last year, Philips' electronic components division lost Fl 125m.

Strict financial criteria would seem to argue in favour of getting out of the business. However, that would be a politically embarrassing admission of defeat for Philips, which has frequently lectured European Community authorities on the strategic importance of maintaining a viable semiconductor industry. It would also deal a potentially crippling blow to consumer electronics, the company's largest division.

Modern chip technology is vital to maintaining a competitive edge in every type of electronics equipment. All the leading Japanese and South Korean consumer electronics makers are vertically integrated, with extensive in-house semiconductor operations. Philips believes that, without similar capacity of its own, it would lack the critical expertise needed to design and develop new consumer products.

One option would be to turn its semiconductor operations into a joint venture, if a suitable partner could be found. That would reduce what many industry analysts fear will be an unending drain on Philips' cash resources. The disadvantage would be that such an arrangement could be cumbersome to manage and would involve sharing control over vital technologies. In the past, Philips has viewed joint ventures as a graceful way of withdrawing from businesses.

If anyone in Philips can solve these problems, Mr Timmer appears to be the man. He has won respect, both in and out of the company, for his record in rescuing lame ducks. Under his leadership, Philips' consumer electronics division, once regarded by some as a lost cause, has been turned from a heavy loss-maker into the group's biggest source of profits.

Admittedly, this has been achieved with from the European Commission, which has repeatedly responded to entreaties by Philips' well-oiled lobbying machine for anti-dumping action against Japanese and other Asian imports of products such as compact disc players and video recorders.

How far Philips can count on such protection to insulate it in the future is open to question. Japanese and Korean companies are increasingly manufacturing products at plants inside the EC, apparently with little sacrifice of efficiency. Furthermore, levels of EC tariff protection on imports are due to be reduced as part of the current Gatt Uruguay Round trade negotiations.

But the make-or-break issue for Philips consumer operations may be its gamble on High Definition Television (HDTV), which is due to enter service in the 1990s. Along with Thomson of France, the company has identified HDTV as the critical technology for the future and is preparing to invest heavily on the still unproven assumption that it will win widespread consumer acceptance.

Both Philips and Thomson are deeply involved in backing a proposed EC world standard for HDTV against a rival Japanese system. But even if their efforts succeed, they will still have to show that they can match their Japanese competitors in the market, by manufacturing technically innovative television sets at prices consumers are prepared to pay.

The commercial stakes in lighting, Philips' fourth core business, are less hair-raising. The company is the world leader and has often relied on the profits and cash flow generated by this business to bail other activities out of financial difficulties.

However, Philips' profits on lighting fell last year, and increased competition is likely to keep pressure on margins. General Electric of the US has set its sights on expansion in Europe and last year acquired a share of Tungsram, the Hungarian light bulb maker. Other East European manufacturers are also eyeing export markets with greater interest.

The crisis atmosphere surrounding Mr Timmer's appointment gives him a mandate to press ahead with change. The challenge will be to get the vast company beneath him to respond. In spite of its battering at the hands of Japanese rivals, and the successive restructurings of the past few years, top management has often had difficulty communicating a sense of urgency to those down the line.

Philips' long tradition of management by committee has not given free rein to individual entrepreneurial initiative, while its layers of bureaucracy seem more appropriate to a civil service department than a commercial business. That impression has been reinforced by Mr van der Klugt's penchant for public pronouncements on European policy issues.

The company has also been faulted for flinching from decisive action. It took Philips almost 20 years after the EC dismantled internal tariff barriers in 1968 to reorganise its operations on a European basis. Furthermore, some of its recent rationalisation measures have simply involved shufflingunder-employed middle managers from one part of the company to another. Mr Timmer's record suggests that he is likely to take a much tougher line.

Despite the decline in Philips' fortunes, the company does possess some financial breathing space. Though relatively highly geared, it owns a wide range of fixed assets with a market value well in excess of the Fl 24.5bn valuation on its balance sheet. If necessary, it could continue to fund its operations largely out of asset sales for some years to come.

The company has already embarked on selling surplus property and wants to end or reduce its involvement in peripheral operations including medical systems and white goods. The question for Mr Timmer is whether he can limit himself simply to trimming the fat – or whether he will be forced into wholesale dismemberment of Philips.

Timmer: cut from a different cloth

MR JAN TIMMER is cut from a different cloth than most Philips' top executives, writes Laura Raun.

He is more tough-minded, less bureaucratic and possessed of a drier wit. The 57-year-old Philips' veteran is more demanding because he has performed minor miracles within the company and expects others to do likewise.

Less bristly about criticism of Philips, Mr Timmer also learns from his mistakes. After a nasty bout with a couple of journalists several years ago he cultivated a relaxed style, punctuated with humour, to parry irksome questions.

Philips' "old boys network", which blurs lines of responsibility, was a frequent complaint of Mr Cor van der Klugt, the company's departing chairman.

But Mr Timmer may actually do something about it by demanding more individual accountability and more quickly.

He joined Philips in 1952 and took charge of Ethiopian operations in 1963. He then moved up to regional manager for Africa and general manager of Philips in South Africa. In 1981 he was appointed president of Polygram, Philips' recorded music subsidiary.

He has been a member of the group management committee/board of management and head of the consumer electronics division since 1987.

Many investors and analysts give high marks to Mr Timmer, who is credited with turning around the loss-making consumer electronics division. He is seen as almost single-handedly pulling Polygram out of the red and putting it in the black.

Commented one US institutional investor in Philips: "I am hopeful that a more aggressive and more open management will prevail. I hope they will take advantage of the opportunities in Europe, all of Europe."

Correction

In the article "Sweden comes in from the cold", published on the page opposite on May 10, it was wrongly stated that Asea Brown Boveri had acquired Finmeccanica of Italy. Relations between the two groups are in fact confined to an agreement to create two joint ventures.

OBSERVER

Business in the Church

■ "One third of the people who commit crimes in soap operas are from the business community," says Professor Jack Mahoney, director of the Business Ethics Research Centre at King's College, London. He speaks as though programmes like Dallas are giving business a bad name, which it does not wholly deserve.

Mahoney is a Jesuit whose main lectures are in theology. He picked up his interest in business ethics from the American example: particularly the recruitment of non-executive directors who might introduce an ethical dimension into boardroom decisions.

He goes round asking questions such as: how much is the life of one man compared to the timetable for building the Channel Tunnel? And, on a more general basis: can a corporation be a moral person, *i.e.* have a conscience?

Mahoney was talking yesterday to a small group of people in Southwark Cathedral – the cathedral set in a business community, as the Provost, the Very Reverend David Edwards calls it. The idea is that if the City is willing to attend, such seminars on business ethics will become regular events at the Chapter House.

The response yesterday was favourable, perhaps not least because Mahoney is a very engaging speaker. "The secret of success in business," he said, quoting Groucho Marx, "is honesty and fair dealing. If you can fake that, you've got it made."

Market watch

■ The Stock Exchange has persuaded over 40 of its member firms to donate 1p for every 50 shares they trade, and 1p for every £1,000 worth of gilts to the Thames Telethon later this month. At average daily trading of 370m shares and around £170m in gilts, the sum raised could be substantial. Note, however, that this act of charity applies only today.

Kubelik

■ After 42 years in self-imposed exile, the Czech conductor Rafael Kubelik was back in Prague at the weekend for the opening concert of this year's Prague Spring Festival.

Kubelik founded the Festival in 1946 while he was chief conductor of the Czech Philharmonic. When the Communists came to power two years later, he and his wife and child fled the country with just two suitcases and the violin that had belonged to his father, Jan Kubelik. He vowed never to return until Czechoslovakia was a free country again.

So Saturday's concert was an emotional occasion. For Kubelik, now 75, it was a double triumph, because he was conducting his first concert since 1984. After a long and distinguished career, including three energetic years as music director at Covent Garden in the 1950s, he was forced into premature retirement by increasingly painful bouts of arthritis. His last concert in Munich had to be cut short in the middle of a performance of Bruckner's Ninth Symphony.

The announcement that he had agreed to conduct his old orchestra in Prague was therefore treated with some apprehension. But Saturday's rousing performance of Smetana's My Country found Kubelik full of his old vigour and inspiration. He is now being urged to extend his comeback.

Political Scot

■ James Provan, until last year the Conservative MEP for North East Scotland, has been headhunted to run Scottish Financial Enterprise, the body

"We'd like you to agree to a polygraph test, Mr Heseltine."

set up four years ago to promote the Scottish financial community. Which is surprising, since he has no previous connection with finance.

Provan will replace Jack Shaw, a former partner in Deloittes, the accountants, who built up SFE from scratch when the impending Big Bang made Scottish financiers fear they would be left out.

Shaw was well known in Edinburgh and Glasgow and able to get practically every member of the Scottish financial scene to join SFE. In the eyes of the outside world, he virtually personifies it, though he has built up a staff of 11. Now he feels he should do something else.

Provan, who is 53, believes his 10 years in Strasbourg will be useful in the political lobbying that surrounds the enterprise. He also hopes to open the eyes of more SFE members to the European Community, pointing out that, for most of them, North American links still overshadow continental ones.

"There's a profound ignorance of the EC both inside and outside Europe," he says. "I want to get Scotland the opportunity to manage more continental money."

As for the danger of being bowled out by some complex question on the Takeover Code or monopolies legislation, he says: "Initially I will take advice from my members. But in due course I should be able to present our case with conviction."

Big names

■ If you start at the beginning, two hours spent browsing through the register of British & Commonwealth Holdings' 26,000 shareholders brings you only to the lower "C"s: to David Cornwell, in fact.

Still, the browse reveals some well-known names. As at July 6, 1989, the date of compilation of the register, shareholders included Gerald Abrahams of Aquascutum (who had no comment), Sir Campbell Adamson, chairman of Abbey National (who confirmed he still has his shares), and Christopher Chataway, chairman of Crown Communications (who said that he, too, still had the shares and did "not expect to see a penny"). Also on the register is Christopher Brasher, a colleague and rival from Chataway's middle-distance running days.

There is an immensely varied group of institutions, ranging from the Bath Steam Laundry Co Ltd to the British Journal of Experimental Pathology.

As sick as a...

■ A lady buys male and female parrots, but by the time she gets them home has forgotten which is which. After careful observation of their behaviour together, she identifies the male and sticks a white cardboard collar round its neck to remind her. The next day the vicar comes to tea. "Aha," says the parrot. "I see she caught you at it too."

LETTERS

Nuclear pros and cons

From Mr J.H. Gittus.

Sir, Professor Colin Robinson ("Cleaning up the nuclear debate," May 9) advocates a period of debate, probably best started by a green paper, to prepare the way for the mid-1990s review of nuclear power promised by the Energy Secretary. I agree.

He says that the decision on whether or not to resume ordering nuclear power stations should be based on a proper appreciation of the pros and cons and not on "vague statements." Here again I agree: we need to calculate the cost of the millions of tonnes of carbon dioxide, which, by burning coal to produce energy, we dump in the atmosphere. We need to calculate the cost of acid rain. We need to calculate the cost of nuclear waste repositories and of the impact of nuclear power and fossil fuel upon public health and safety.

We in the nuclear industry have some of the information that will be needed and we are working to broaden our knowledge. It is possible in principle to put a total price on energy, whether nuclear, fossil or renewable and I urge that this should be done to give a basis for a logical decision about the mix of fuels appropriate for the United Kingdom.

J.H. Gittus,
British Nuclear Forum,
22 Buckingham Gate, SW1

The social resistance factor

From Mr Tim Johnson.

Sir, As one of those small businessmen whose letters to your paper have shown scepticism about the policy, I certainly welcome the Bank of England's attempt to explain why high interest rates should bring down inflation. Bringing the arguments out into the open means they can be examined.

The Bank's model shows that after four years of a 1 per cent rise in interest rates, gross domestic product is down by 1 per cent and investment is down by 3.2 per cent, all for a mere 0.7 per cent reduction in the retail price index. Do you need much more to explain the endemic stagnation and under-investment in the British economy.

How much do you add to inflation to allow for workers, businessmen and money-lenders applying their ingenuity to trying to avoid the implications of this vicious circle? Is not the supposed long-term gain in inflation wiped out by even a small allowance for this *social resistance factor* – something which academic economists seem unaware of, but small businessmen understand very well.

The way to break the vicious circle is by first setting interest rates at a low level. How long before some government is brave or desperate enough to try it?

Tim Johnson,
14 Penn Road, N7

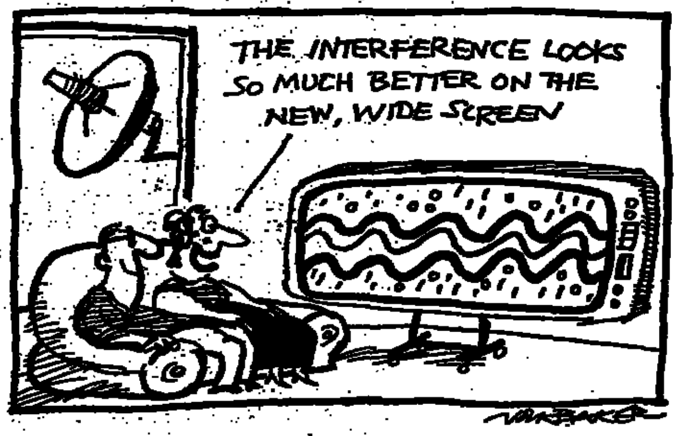
Television reception from satellite and all the other signals

From Mr John. R. Forrest.

Sir, I was disappointed to read that Christopher Dunkley ("Forward into the past with satellite," May 2) had not received good quality pictures from his BSB satellite receiver.

The pictures and sound are in fact stunningly good and a substantial improvement over terrestrial or satellite PAL when the satellite receiver is properly connected to a modern television set through its "peritel" connector.

This improvement is not seen, of course, if the PAL output from the satellite receiver is used and fed into the aerial socket of the television, since the conversion from MAC to PAL gives signals of no better quality than normal PAL.



Your readers might wish to be aware, however, of the even worse situation which probably occurred in Mr Dunkley's case and which may become more common.

An increasing number of television sets are being used as the display device for video cassette recorders, one or more satellite receivers, home computers and compact disc video units.

Unless professional advice is taken on how these various signals are combined at the input to the television set or VCR, serious degradation of some of the signals added is likely. This would account for the "graininess and occasional electronic rain."

I hope Mr Dunkley gets a chance to see and report on some of the BSB programmes on the superb wide-screen television receivers which will shortly be available. This takes domestic television very close to the cinema viewing experience.

John. R. Forrest,
Director of Engineering,
Independent Broadcasting Authority,
Crawley Court,
Winchester, Hampshire

Anti-dumping and competition law in the EC

From Mr J.L. Juvet.

Sir, Professor Messerlin's reply to criticism of his views on the relationship between anti-dumping and competition law in the European Community (Letters, April 19) adequately demonstrates that he was merely attempting to make bricks without straw in his article ("Community rules on a collision course," February 28).

Presumably, the European Commission could easily refute his latest apologia if his views were considered serious enough to merit a reply. Thus, even a layman will appreciate that cases which were between one and four years apart cannot be said to be twinned and he omits to mention that in the nine aluminium cases, the plywood case, the titanium and wood pulp cases and previous cement cases, no anti-dumping measures were applied, or that plasterboard was a regional case concerning only Ireland.

As far as the synthetic fibres sector is concerned, the only reason why no anti-dumping measures were applied in the case mentioned in the article were that the quantities exported to the EC were considered to be *"de minimis."* No representations were made by the Community industry for favourable treatment of US companies taken over by BASF and Hoechst.

Indeed, a long association with the Commission's anti-dumping services convinces one that their decisions have always been based on factual and objective criteria rather than on the pleadings of the interested parties for special treatment. This is also demonstrated by the fact that anti-dumping measures have been applied in the past on imports from foreign subsidiaries of Community companies.

Again on synthetic fibres, Professor Messerlin omits to mention in his letter that the restructuring agreements in 1978 and 1982, which were notified to the Commission's competition directorate, were only necessary in order to deal with substantial excess production capacity in the Community due mainly to subsidies granted by each of the member states. Since a flood of low-priced dumped imports would have jeopardised the restructuring process, anti-dumping policy in this instance obviously complemented rather than conflicted with competition policy.

The inevitable conclusion must be that Professor Messerlin's contribution to the debate on the links between anti-dumping and competition law merely reflects his lack of understanding in this field, though this is a tendency which is increasingly found in academic circles. If he really considers that Article VI of the Gatt should be abolished, then he should say so openly and explain why.

J. L. Juvet,
Director General,
International Rayon and Synthetic Fibres Committee,
25 rue de Maubeuge, Paris.

Away with Punch and Judy politics

From Mr Douglas Dale.

Sir, Bravo Mary Georghiou! (Letters, May 9).

In the mid-1970s I became disgusted with the House of Commons and called it a place of Punch and Judy politics. Since we have been privileged to see Prime Minister's Question Time on television, I have realised how apt that description was.

In 1979 I decided to ignore the wasted vote problem and put my cross against whichever candidate was committed to the introduction of proportional representation.

If the House of Commons reflected the political wishes of the nation, we could never again suffer from the evils of either a far-left or far-right minority government and the majority of the British people would live under policies as near as is possible to what they want.

If the whole electorate is spread out in a political spectrum from left to right, we should get, with PR, a government representing the views at the centre of gravity of the strip.

By definition, such a government would give the lowest total aggravation to the whole body of voters.

If the Labour Party would sacrifice its now buoyant hopes of the excessive power of a minority government under our first-past-the-post system, we could have, within two years, a government committed to the introduction of PR.

This would bring an end to the excesses of minority governments and to a House of Commons in which Punch and Judy shame the nation with their childish entertainment.

Douglas Dale,
Birch Crest,
97 Hilderstone Road,
Meir Heath,
Stoke-on-Trent, Staffordshire

Extra-costs criticism of pensions Bill unfounded

From Mr R.D. Garvin.

Sir, There has been much criticism of the extra costs which will be thrown on to companies which sponsor occupational pension schemes as a result of the requirement for retail price index indexation of benefits both in deferment and while in payment.

I believe that such criticism is unfounded and arises because inflation has undermined the "honesty" of many commercial transactions. For example, the Government has borrowed huge sums which will be repaid in devalued pounds at a later date. Similarly, pension schemes which do not provide index-linked increases to pensioners are in effect cheating their members by reducing their benefits while in payment.

It should be recognised that if inflation were eliminated, pension schemes would not reduce pensions while in payment. Moreover, most actuarial models indicate that there is likely to be little difference between the cost of providing flat pensions in a world without inflation and the cost of index-linked benefits in the real world.

Consequently, critics of the relevant sections of the Social Security Bill should appreciate that the "extra costs" imposed on final salary schemes are not really extra costs at all. The Bill is simply preventing the pension scheme trustees/companies profiting from the insidious effects of inflation.

R.D. Garvin,
Garvin & Co,
47 Radway Close,
Redditch, Worcestershire

Lord Acton: absolutely and accurately

From Mr John Batten.

Sir, I am sorry to see your distinguished columnist Joe Rogaly joining the long list of people misquoting poor old Lord Acton ("Parliament should get off its back," May 11).

At the risk of being pedantic, what he actually noted was that power tends to corrupt – absolute power, of course, tending to corrupt absolutely.

John Batten,
39 Cornhill, EC3

Community Charges: how the knitting got into a right old tangle

From Mr Michael Gregory.

Sir, Paying community charges is bad enough. Try advising on them. When you have to look at the legislation (as I do advising an association of 49,000 members) and you examine how it came about, you realise why virtually every aspect of the new system for financing local government has been a mishap. The exercise was simply slipshod.

The thorough-going change to the longstanding rating system was bound to throw up baskets full of anomalies. It therefore needed to be tackled in a workmanlike manner. However, instead of thinking it out first in detail, foreseeing the problems and quirks and fashioning the legislation accordingly, our lords and masters outlined the principles and methods of their reform in a green paper, Paying for Local Government, introduced a bill which was skin and bones and extemporised from then on.

The general policy was to get the skeleton measure (the Local Government Finance Act 1988) through and to put the meat on afterwards. Anything awkward could be swept under the carpet and dealt with later by regulations. So an Act of 179 pages was passed with one in every five, on average, giving powers to ministers to make regulations. The knitting then got into a right old tangle.

The result is that it is almost impossible to find, let alone untangle, legislation hitting the pocket of every citizen in the land.

Even before the 1988 Act came into force on April 1, it was substantially changed by some 35 pages of amendments in the Local Government and Housing Act 1989. Then, in the last few months before the new system started, ministers churned out regulations like sausages from a machine. But in the bustle to get subordinate legislation in place to make the new system workable by April 1, some of the regulations were not equal to their task, either because of inherent shortcomings or plain mistakes. We are left with another Act and regulations forthrightly amending the principal Act and also regulations amending regulations amending the Act.

There is of course a legitimate role for subordinate legislation where, for instance, figures, dates or lists of detailed items may need to be changed from time to time, but it is not the place for substantive legislation. Parliamentary rules ensure that primary legislation is given line-by-line scrutiny in each House. Every member has a number of opportunities to table amendments and to debate, approve or oppose each clause. Most regulations are not looked at by either House and frequently come into force within days of being issued.

The important provisions for transitional relief against steep increases in the poll tax, compared with the previous rates, are provided by Schedule 7A of the 1988 Act. But you will not find it in the Act. It is tucked away as a schedule within a schedule of a completely different Act (Schedule 5 of the Local Government and Housing Act 1989). When you find it, the trouble really starts. It is not only incomprehensible to the standard human mind, but it has been extensively amended by subsequent regulations.

The folk do not like the "poll tax" (personal community charge), but at least much of the population have been spared domestic rates. The greater mischief is the standard community charge. This is payable on domestic property which is nobody's sole or main residence. It can be (usually is) twice the poll tax. Regulations have tried to tackle some, but by no means all, of the problems this weird levy produces, and to draw lines between domestic and rateable business premises where some business is carried on from home sweet home. All of this should have been thought out before a bill was presented to parliament.

As well as trying to keep the lid on the amount we all have to pay in unity charges and the new non-domestic rates, regulations have tried to deal with a hundred and one not-so-special cases, such as holiday lets, bed and breakfast, historic houses open to the public, caravans and empty houses. A problem that has also had to be solved is that domestic rateable values are used in other legislation to determine issues other than domestic rates. When the rateable values were abolished, bang went the measure for, for example, water rates. The solution offered is none too helpful. The new privatised water companies have been given the advice the judge gave to an aged defendant he sentenced to 10 years imprisonment.

When the accused protested that he was already 70 years of age, the judge told him: "Do the best you can."

Michael Gregory,
63 Golly Hill Road,
Fleet, Hampshire

FOREIGN AFFAIRS

The Soviets spring a trap

Robert Mauthner discusses the political hurdles facing talks on German unification

One of the advantages of waiting 45 years after the end of hostilities before sitting down to discuss a peace settlement is that many mistakes, made in the immediate and emotional aftermath of a war, can be avoided.

It is now widely accepted that the Treaty of Versailles, by bringing Germany economically to its knees through the imposition of exorbitant reparations and amputating it of territory with large German-speaking populations, made a substantial contribution to the rise of Nazism and all the subsequent misfortunes which overtook Europe.

That kind of error will not be repeated at the so-called "2 plus 4" talks between what are temporarily still two Germanys and the four Second World War allies – the US, the Soviet Union, Britain and France – for obvious reasons. Germany, though defeated in war, is now by far the most powerful country in Europe and is completely integrated in western security and economic systems, through its membership of Nato and the European Community.

Yet there are still ways in which the four, with their residual powers in Germany, could provoke a new "Versailles complex" and a dangerous nationalist backlash in Germany. That would surely happen if the Soviet Union were able to impose its preferred solution, involving an extension of four-power rights for a transitional period.

It is not that Moscow has shown a lack of conciliation. Mr Eduard Shevardnadze, the Soviet Foreign Minister, positively bent over backwards in his speech at the first ministerial 2 plus 4 meeting in Bonn at the beginning of this month to back the Germans' right to self-determination and to express his confidence in Germany's commitment to democracy and peace.

His proposal to allow the unification of the two Germanys to go ahead, while putting off for a transitional period a settlement of vital "external" questions, such as German membership of Nato and the termination of four-power rights in Germany, was even initially welcomed by Mr Hans-Dietrich Genscher, the West German Foreign Minister. It was, after all, the first official Soviet acceptance that unification could take place as soon as the two Germanies had concluded an agreement.

As was quickly realised by Chancellor Helmut Kohl, however, the proposal contains a trap which makes it unacceptable in its original form, particularly for a political leader facing a vital general election at the end of this year.

Just at the moment when Germany is about to become unified as a fully independent country for the first time in nearly half a century, it is being asked to accept shackles on its sovereignty for another five years or so. During this period the wartime allies would retain their legal rights, Berlin would remain a four-power responsibility and the country would remain divided, at least for military purposes, between Nato and the Warsaw Pact.

Indeed, the Kremlin is probably calculating that, with the growth of neutralist sentiment in a united Germany, coupled with further progress in arms control negotiations and the progressive creation of a pan-European security system, the question of German membership of Nato would no longer be relevant after five years.

After the immense suffering of the Russian people at the hands of Nazi Germany, the fear of a renascent Germany is more deeply embedded in the Soviet psyche than that of virtually any other nation

There are thus two good reasons for Bonn and its western partners to reject the Soviet plan in its present form. The first is that, by Mr Shevardnadze's own professed standards of self-determination, an independent state such as a unified Germany should be free to opt for the alliance of its choice.

Since, under the constitutional procedure chosen, East Germany will adhere to the Federal Republic of West Germany, there can be no doubt about the nature of that decision. Second, acceptance by Germany of limitations on sovereignty, even during a transitional period, would keep alive the "German question" and would, therefore, risk creating a fertile terrain for a renaissance of the kind of nationalism that everyone, not least the Russians, wants to avoid.

Yet, important as they are, these cannot be the only considerations in a negotiation as loaded with history and as pregnant with national sensitivities and prestige. The Versailles factor must be borne in mind, not only in the treatment accorded to Germany, but also to the Soviet Union, apart from East Germany by far the most vulnerable of the six participants in the 2 plus 4 talks, in spite of its legal position of victorious occupying power.

After the immense suffering of the Russian people at the hands of Nazi Germany during the Second World War, the fear of a renascent and unshackled Germany is more deeply embedded in the Soviet psyche than that of virtually any other nation.

Moreover, following the "loss" of most of its East European satellites, the Soviet Union's legal and military rights in Berlin and Germany are the last remaining symbols of its wartime achievements outside its own borders, which are unlikely to be abandoned without a stubborn rearguard action.

While the Soviet Union cannot stop unification, it still has the power to prevent a unified Germany from being truly independent by refusing to withdraw its 380,000 troops presently stationed in the GDR. If Moscow has recently soft-pedalled in the Vienna negotiations on the reduction of conventional forces in Europe, this may well be connected to a desire to make sure first of all that the 2 plus 4 talks are progressing satisfactorily.

The likelihood that Mr Mikhail Gorbachev and his Foreign Minister will deliver an acceptable agreement on Germany is probably greater than it would be under any foreseeable alternative Soviet leadership. At least they have demonstrated a flexible and conciliatory approach at the outset of the negotiations.

For that reason, if for no other, Mr Shevardnadze's warning that the West should not drive Moscow into a corner because of the adverse domestic reactions and consequent hardening of positions that could provoke, should not be dismissed out of hand as a mere negotiating ploy.

The May Day demonstrations against the Soviet leadership in Red Square and subsequent reports of discontent among the military are sufficient indication that Mr Gorbachev is not having it all his own way at home.

In the light of these developments, the view that all the West has to do is to stand firm on its demands that a unified Germany should be free to join Nato may well be over-optimistic. Such a solution may indeed be in Moscow's long-term interests because it would anchor Germany firmly within a multinational alliance and thus preclude individual adventures. But, in this matter, at least, rationality tends to take a back seat to emotion and political expediency.

To overcome Soviet fears and permit a conclusion of the 2 plus 4 talks by the end of the year, the offer of reasonable transitional arrangements for the stationing of Soviet troops in Eastern Germany will hardly be sufficient. Concrete assurances about Nato's non-aggressive military posture will certainly help.

President George Bush has already gone some way in this direction, by scrapping the modernisation of Lance short-range nuclear missiles and nuclear artillery shells based in Europe, and offering the early opening of negotiations on short-range nuclear weapons.

Yet, for historical and psychological reasons, it would still be a traumatic development for the Russians to accept that a united Germany should be a member of Nato. To believe that large economic sweeteners alone will do the trick is to underestimate the magnitude of the other hurdles that still remain before Moscow puts its signature on a peace settlement.

FINANCIAL TIMES
Tuesday May 15 1990

GERMAN UNIFICATION

Voters air their misgivings in state polls

By David Marsh in Bonn

Helmut Kohl: ruled out postponment

VOTERS in two West German states making up 40 per cent of the country's population gave an impressive electoral demonstration on Sunday of deep misgivings over German unity.

The Social Democrats' twin victories in state elections in North Rhine-Westphalia and Lower Saxony were strongly influenced by fears over the social and economic cost of the merger of the Germanys. Curiously, though, the polls' outcome may not slow unification – but could speed it up.

The reason is that Chancellor Helmut Kohl's loss of a conservative majority in the Bundesrat, the upper house of parliament, threatens badly to disrupt government policy-making in coming months.

Mr Kohl's main aim now is to clear up political uncertainty – and to harness to his advantage the present strong conservative voting showing in East Germany.

The Chancellor therefore is moving towards bringing forward, perhaps to the end of this year, the date for all-German parliamentary elections, previously mooted for 1991. At a press conference yesterday, Mr Kohl said for the first time that he could not exclude parliamentary elections for both East and West Germany taking place on December 2, the date of the West German general election. However he stuck to his previous position, ruling out any postponement of the elections – a step suggested by the junior Bonn coalition partner, the Free Democrats.

Increased momentum behind the internal process of fusing the two German states has clear international implications.

Last week, Mr Kohl rejected the Soviet Union's offer to "decouple" the external and internal aspects of unity – a few days after appearing to endorse it.

Holding all-German elections in December would pose great administrative challenges.

But if support for such a move grows there will be growing pressure on the four Second World War victors and the two Germanys to find a speedy formula in the "2 plus 4" talks over a united Germany's military status. Mr Kohl's domestic political worries reflect the pivotal position of the Bundesrat, which groups representatives of the Länder (states). It has a veto over all legislation affecting the states' financial and adminstrative interests.

This includes tax laws, changes in the constitution and, crucially, the state treaty between East and West Germany which must be ratified in both states before currency union on July 2 can become effective.

The West German Social Democrats yesterday promised a statesmanlike approach to using their Bundesrat votes. The SPD now controls seven of West Germany's 11 states – the first time in the Federal Republic's history that the Left has enjoyed a majority among the state governments. "Our aim is not to block things, but to help shape them," said Mr Johannes Rau, the victorious SPD Premier of North Rhine-Westphalia.

In concrete terms, this means that the SPD-run states will oppose plans by Mr Theo Waigel, the Finance Minister, to offload a large part of unity financing on to the Länder.

Both Mr Rau and Mr Vogel also promised stern opposition to Mr Kohl's proposals to cut company taxation in the next legislative period.

The SPD's ability to influence the monetary union treaty may be only limited, however. The Bundesrat is due to deliberate the treaty on June 22. It is unlikely that the new SPD-led Government in Lower Saxony will by then be in place to cast its vote in the upper house.

None the less, Mr Hans-Jochen Vogel, the Social Democrats' chairman, yesterday urged the Bonn Government to "lay its cards on the table" over the costs of unity. He protested that the SPD would not go along with what he termed was Mr Kohl's leaning to carry out unification as "his private affair."

In the next few months of "2 plus 4" talks, Mr Vogel's Social Democrats, in effect, will be seated as an extra guest around the already crowded negotiating table.

THE LEX COLUMN

Philips tries to adjust its set

Philips has been promising for longer than most people can remember that it was going to get to grips with its deep-seated problems. So it is easy to dismiss yesterday's management reshuffle as just another, but more brutal, repeat of the same old message.

Whereas investors in other well-managed European multinationals, like Royal Dutch Shell and Unilever, are rarely likely to receive unpleasant surprises, Philips has always demanded much closer scrutiny. It is the sort of stock where handsome returns can be made from short-term trading. But it is not one which can be tucked away with confidence by the long-term pension funds, if for no other reason than that it might not be around, in its present form,in ten years time.

The key question, which will remain unanswered for at least another year, is whether this shakeup will make Philips an attractive long-term investment once again. Given that the new chairman had already been picked, and his promotion is just being accelerated, it is easy to be rather sceptical about the impact of the changes. However, the fact that after years of remorseless financial decline, Philips has finally been stung into action by the stock market's response to terrible first quarter figures, suggests the management has finally woken up to its loss of credibility.

The record of the new chairman is impressive but so are the problems he inherits. Short-term the most pressing task is to overhaul the company's financial reporting. This should be relatively painless

Philips has always looked cheap on any other criterion but profits. It is selling at less than half its estimated breakup value, its multiple of sales to its lowly stock market capitalisation of Fl9.2bn(£3bn) must be some sort of record, and its dividend yield of 6 per cent seems sacred. However, there is little reason yet to suggest that it is not going to get cheaper.

Germany

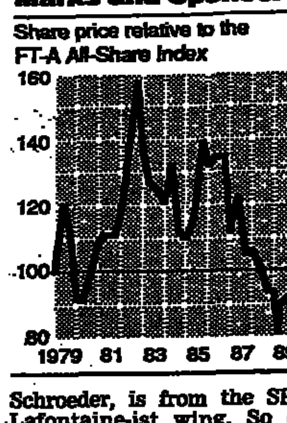
Sunday's ultimate horror – an unambiguous West German electoral victory for a party whose name begins with S – did not cause the across-the-board panic in financial markets that might have been expected. Not only did the SPD's win in Lower Saxony give them control of the Bundesrat; but its engineer, Mr Schroeder, is from the SPD's Lafontaine-ist wing. So one might have expected something more dramatic than the mere 10-basis point rise in West German benchmark bond yields, which left them still only just above the bottom end of their 8.5-9 per cent trading range.

As for the Deutschemark, its 2 pfennig fall against sterling was more imposing; but, logically, German corporate profitability is most at risk from the SPD; yet the 1.5 per cent fall in the FAZ Index was conducted in only average trading volumes.

It looks as though the markets have not thought through the idea that Mr Lafontaine stands a chance of being Chancellor.

Marks and Spencer

Share price relative to the FT-A All-Share Index



Marks and Spencer

It is all too easy to become blasé about Marks and Spencer's rock-solid earning power. Apart from M and S's little local difficulty in Canada, and the near-halving of Brooks Brothers' US operating profits to £13.6m, its annual results should be seen for what they are: another striking justification of the premium rating the group's shares enjoy. Results like last year's 14 per cent increase in pre-tax profits, to £604m, show just how good a pay-back M and S's is getting from recent very heavy capital spending, especially in information technology in the UK.

The best way to look at this is in cash-flow terms. Even after £480m-plus of capital expenditure since 1988, plus the cost of the $860m (£479m) it spent on two US chains, Brooks and King's, M and S has generated more than £220m of free cash flow in the last full financial year. This performance clearly does not stem from buoyant trading conditions – like-for-like volume growth was only 1.5 per cent in the UK and Eire – so much as from strong margin improvements and better working capital management.

Last year's 11 per cent improvement in profits per full-time UK employee is clear enough. But given M and S's net debt is still about £360m, it is hard to explain last year's steep drop in interest payable to £9m unless better IT is keeping stock levels under much closer control. It now looks possible that M and S could make £750m pre-tax in 1991-2, even without very much from Brooks. M and S is a long way from going ex-growth, even in the UK.

Markets

The London equity market was far too busy celebrating Wall Street's latest surge to notice the producer prices and retail sales figures. But April's one percentage point rise in both statistics was too alarming to be ignored. In combination, the figures suggest that demand is sufficiently strong at the moment for producers to pass their cost increases straight through to consumers. At the very least, the 6.1 per cent annual increase in producer prices – up from 5.1 per cent six months ago and the largest rise for seven years – ought to subdue optimism that the headline inflation figure was limited to "only" 9.4 per cent.

But just as two weeks ago, the market was taking a determinedly pessimistic view of economic and political trends, its current vision is rose-tinted. Why should the equity market worry about inflation when gilts, which gained another half a point yesterday, are enjoying such a sustained rally? In any case, the retail sales increase may have been caused by the late Easter break; and the producer price figure owed a good deal to the indexation of excise duties.

Now the FT-SE 100 index has scrambled back over 2200, traders might decide to draw breath. Share volume has been very thin, following on from a 10 per cent quarter-on-quarter decline in the first three months of the year. And there may be more bad news to come than the market can sensibly ignore. The steady drip of quoted company receiverships continues – there were two more yesterday – and the current annual general meeting season may produce more profits warnings even worse than GKN's. And if April's current account deficit tops £2bn, even the Treasury will have run out of excuses.

Airbus denies Indian $1bn bribe allegation

By Paul Betts and Richard Donkin in Toulouse

AIRBUS INDUSTRIE is expected to take legal action this week in an effort to quash preliminary charges prepared by police in Bangalore, India, alleging that officials were bribed to buy twin-engined Airbus A-320 aircraft in a deal worth about $1bn.

The charges arose out of investigations launched after one of the aircraft crashed in India killing 91 people in February.

The legal action by the four-nation European aircraft consortium coincides with the start of a public inquiry in Bangalore into the crash.

Three former senior Indian Airlines officials and a former Indian government official are named in the report accompanying the charges which allege that "considerable monetary consideration" passed between Airbus Industrie and highly placed civil servants and middlemen to secure the deal.

A senior Airbus official in Toulouse, France, said: "We are not concerned by these allegations, which are related more to oriental fancy than fact."

Airbus lawyers are preparing to file a petition to have the charges invalidated.

The controversy over the A-320 crash is turning into an increasingly difficult and costly dilemma for both Airbus and Indian Airlines, the state-controlled domestic carrier.

Airbus currently has four A-320 aircraft worth a total of $160m lying idle at Toulouse, waiting to be delivered to Indian Airlines. The airline is also committed to buying a further 12 A-320 aircraft.

Delivery of the new Airbus aircraft has been blocked by the Indian Government's decision to ground the existing fleet of 14 A-320s in India following the crash.

Mr V.P. Singh, the Indian Prime Minister, has decided that the aircraft should stay grounded until the end of the judicial inquiry into the accident. This could take another six months.

Airbus and Indian Airlines held their first meeting since the crash last week at the the airline's request. Both companies are anxious to resume A-320 operations in India.

The grounding of the aircraft is putting intense financial pressure on Indian Airlines which is likely to need bailing out by its Government shareholder.

Airbus could invoke financial penalties if the contract is broken but it has so far adopted a conciliatory approach because of the importance of the market.

"India is a major commercial aviation market with strong growth potential", a senior official said. Airbus is currently negotiating the sale of its new A-340 four-engine long-distance aircraft to Air India, the Indian international flag-carrier.

Airbus also warns that a rupture in its existing contract with Indian Airlines over the additional sale of 12 A-320s would have severe consequences in India's relations with Europe. Airbus is worried that the US is putting pressure on India to try to win back market share for US aircraft manufacturers by using in part the current controversy over the A-320 Bangalore accident.

So far, there have been no contacts between Airbus and the Indian Government, or between the Indian authorities and the member governments in the European consortium, including France, the UK, West Germany and Spain. Airbus officials believe that the situation can only be resolved by the direct intervention of the Indian Government.

A prolonged delay in bringing back the Indian A-320s into service will have a knock-on effect on the cost and time needed to put the existing fleet back into airworthy condition and would complicate the delivery of new aircraft on order.

Airbus officials also conceded it would be difficult to lease the grounded A-320s, although it would be easier to dispose of either by selling or leasing the four new aircraft waiting for delivery at Toulouse.

UK fines unauthorised Belgian broker

By John Thornhill in London

THE UK SECURITIES & Investment Board has won an important battle in its attempts to stop unauthorised investment companies seeking business there while operating outside the country.

The High Court yesterday granted injunctions to restrain Vandersteen Associates, a Belgian-based investment company run by British businessmen, from making unsolicited telephone calls to investors in England and Wales and from issuing unauthorised advertisements.

This is the first time that such orders have been made against an unauthorised investment business operating outside the UK.

Mr Justice Harman also ordered Vandersteen, which has gone into voluntary liquidation, to pay £214,000 ($357,380) into court, giving investors a chance to make claims against this sum. At an earlier hearing, the SIB had already obtained an injunction against Vandersteen freezing £115,000 of this sum, which the company had held in a London bank.

Although the judge said his jurisdiction only applied to England and Wales he made clear that investors in Scotland and Northern Ireland would not be precluded from making claims.

The SIB said after the hearing, however, that any claims would be complicated by having to deal with the company's Belgian liquidators.

The court heard that 81 investors in the UK had sent money to Vandersteen, either in response to unsolicited telephone calls from Belgium or to press advertisements. Vandersteen had promised to invest the money in traded options and futures.

The SIB believe that there may have been other investors in Vandersteen who have not yet made themselves known.

The SIB also won a court order to obtain further information about Vandersteen's activities in the UK and to prevent documentary evidence from being tampered with or detroyed. Vandersteen was not represented in court.

Under the Financial Services Act of 1986, it is illegal for unauthorised investment companies to solicit business in the UK, but several such companies have tried to elude the rules by operating from overseas.

Welsh steel plant closure signals slowdown

By Charles Leadbeater, Industrial Editor, in London

A NORTH WALES steel plant which is heavily dependent on orders from the vehicle industry, is to close with the loss of 1,125 jobs.

The closure of the Brymbo steel plant, announced yesterday by United Engineering Steels (UES), the plant's owner, is one of the clearest signals yet that the gathering slowdown in the UK economy is starting to spread from retailing and construction into manufacturing.

UES is Britain's second largest steel producer and one of Europe's leading producers of special engineering steels, with 75 per cent of the UK market and 20 per cent of the continental European market.

Output at UES, which sells 61 per cent of its steel to the car and commercial vehicle industries, is 12 per cent down on last year, largely because car and truck orders have been hit by high interest rates.

UES said it was operating its plants at only 75 per cent of capacity, with its four melting shops working only 16 shifts a week compared with 18 and 20 shifts at plants in continental Europe.

The move comes only a week after GKN, the engineering group which jointly own UES with British Steel, issued a profits warning.

The closure, coming amid the continuing slowdown of demand from the car and construction industries, may renew fears voiced by opposition Labour Party MPs about the medium-term prospects for British Steel's plant at Ravenscraig in Scotland which had an extended production shutdown at Christmas.

Steel has been manufactured on the Brymbo site near Wrexham since 1796.

The closure comes just three months after UES announced the closure of FH Lloyd Engineering Steels, the last steel maker in the West Midlands of England, as part of a rationalisation of its plants to concentrate production at the lowest cost sites.

The Brymbo plant, which accounts for 20 per cent of UES' annual production of about 2m tonnes of liquid steel, has long been considered the most vulnerable to a downturn.

Last year its return on net assets was 7.8 per cent, well short of the 20 per cent target for the group as a whole.

Over the past four years Brymbo, which had relatively old-fashioned production processes, has had only £8m ($13.4m) invested in it. Production will be transferred to UES' other main plants at Stocksbridge and Rotherham in Yorkshire which have had substantial investment to install low-cost continuous casting technology.

Ford profits down 28 per cent, Page 12; Commercial vehicle sales still declining, Page 12; UK economy, Page 10

Japan plans 50% public investment rise

By Stefan Wagstyl in Tokyo

JAPAN is preparing plans to raise public investment by about 50 per cent over the next 10 years, compared with the last 10, in order to meet US criticisms of Japanese economic policy.

During the Structural Impediments Initiative talks, Washington demanded that Japan increase its public investment to about 10 per cent of GNP during the next three to five years from under 7 per cent in 1989.

The Japanese refused. When interim reports on the SII talks were published last month, Tokyo committed itself only to a vague promise to increase public investment.

It intends to produce a detailed programme of planned increases for inclusion in its final report on SII in July. Japanese officials indicated yesterday that their proposals envisage a total budget for 1991-2000 of about Y400,000bn ($2,531bn).

Japan is likely to follow this with specific year-by-year commitments to invest more on public projects.

These pledges will fall short of the US's original demands. But the Washington Administration is not expected to press its case to the point of risking another flare-up in relations with Japan.

President George Bush has made important conciliatory moves towards Tokyo – including praising the progress made in SII talks and removing Japan from a blacklist of countries singled out for suspected unfair trade practices.

The Japanese Government's Economic Planning Agency yesterday began talks on the investment programme with 10 spending departments, including the Construction Ministry and the Transport Ministry, covering the contents of the plan.

Later the overall programme will be settled by the EPA and the Ministry of Finance.

WORLDWIDE WEATHER

		Y'day midday °C	°F			Y'day midday °C	°F			Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	S	22	72	Dallas †	C	23	73	Madeira	F	20	68	Prague	F	20	68
Algiers	S	25	77	Dublin	F	14	57	Madrid	F	23	73	Reykjavik	C	10	50
Amsterdam	C	13	55	Dubrovnik	S	21	70	Majorca	S	23	73	Rhodes	S	24	75
Athens	F	24	75	Edinburgh	S	15	59	Malaga	S	21	70	Rio de Janeiro		–	–
Bahrain	S	30	86	Faro	S	21	70	Malta	C	20	68	Rome	S	20	68
Barcelona	S	20	68	Florence	F	22	72	Manchester	S	17	63	Salzburg	F	20	68
Belfast	S	17	63	Frankfurt	F	17	63	Melbourne	F	13	55	S'Francisco †	F	11	52
Belgrade	C	25	77	Geneva	S	22	72	Mexico City		–	–	Santiago		–	–
Berlin	C	15	59	Gibraltar	S	21	70	Miami †	S	27	81	Seoul	F	22	72
Biarritz	F	25	77	Glasgow	F	18	64	Milan	F	23	73	Singapore	F	31	88
Birmingham	F	19	66	Guernsey	F	16	61	Montreal †	S	11	52	Stockholm	C	11	52
Blackpool	F	17	63	Helsinki	C	14	57	Moscow	S	15	59	Strasbourg	S	19	66
Bombay	F	32	90	Hong Kong	S	29	84	Munich	C	18	64	Sydney	F	17	63
Bordeaux	S	20	68	Innsbruck	F	22	72	Nairobi	F	24	75	Tangier	S	23	73
Boulogne	F	18	64	Inverness	F	12	54	Naples	F	22	72	Tel Aviv	S	28	82
Bristol	R	15	59	Isle of Man	S	14	57	Nassau		–	–	Tenerife	C	20	68
Brussels	C	14	57	Istanbul	S	22	72	Newcastle	S	15	59	Tokyo	R	21	70
Buenos Aires		–	–	Jersey	C	16	61	New Delhi	S	36	97	Toronto †	S	9	48
Budapest	F	24	75	Johannesburg	F	15	59	New York †	S	13	55	Tunis	F	23	73
Cairo	S	34	93	Las Palmas	F	22	72	Nice	S	21	70	Valencia	S	24	75
Cape Town	S	29	84	Leeds	C	19	66	Nicosia	S	25	77	Venice	S	21	70
Cardiff	R	15	59	Lisbon	S	20	68	Oporto	C	18	64	Vienna	S	23	73
Chicago †	S	11	52	Locarno	F	21	70	Oslo	F	15	59	Warsaw	T	23	73
Cologne	C	14	57	London	F	17	63	Paris	S	19	66	Washington †	S	15	59
Copenhagen	R	18	64	Los Angeles †	C	16	61	Peking		–	–	Wellington	S	16	61
Corfu	C	21	70	Luxembourg	F	16	61	Perth	C	16	61	Zurich	F	19	66

C–Cloudy Dr–Drizzle. F–Fair. Fg–Fog. H–Hail. R–Rain. S–Sunny. Sl–Sleet. Sn–Snow. T–Thunder.
† Noon GMT temperatures

US shares reach record

continued from page 1

July. This took them above the psychologically important 2,200-level barrier for the first time since.

The US rally added fuel to early strength in London, and this was sustained throughout the session. An unexpectedly strong rise in UK retail sales, underlining uncertainty over the pace of the economy's slowdown, was shrugged off, as was a rise in manufacturers' output prices.

London apart, Europe's exchanges benefited little from the boom in the three main equity markets. Shares in Paris, Zurich and Frankfurt all fell.

The US rally was less pronounced in the bond market, which had prompted Friday's stock market rally. At mid-day yesterday in New York, the Treasury's bellwether 30-year bond added 7/32 points to 101 13/32, yielding 8.61 points at mid-day yesterday. These bonds were auctioned Thursday at an average yield of 8.84 per cent. The gains were more modest for shorter maturities with the two year bond up 1/32 point to yield 8.5 per cent.

The dollar failed to recover from Friday's sell-off. At the New York midsession, it was quoted at Y152.80 compared with an early Friday high of Y155.70.

Secession moves attacked

Continued from Page 1

vian Prime Minister, said he thought the danger of a Soviet economic blockade of the republic had receded.

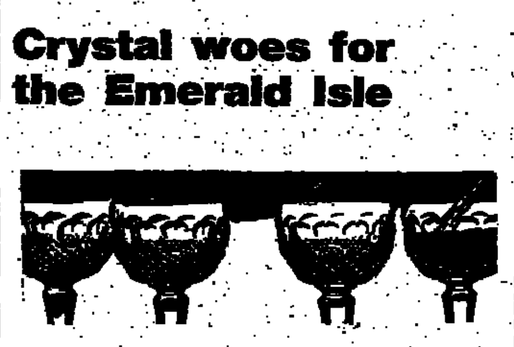
He said alternative oil sources were being arranged by the Soviet Government to replace the fuel that was not coming in from the blockaded refinery in Lithuania.

He said the talks due to start this afternoon in Moscow with representatives of the presidential council, the senior advisory body answerable to Mr Gorbachev, would be "about practical things like how to arrive at a government-to-government treaty" with Moscow.

FINANCIAL TIMES
COMPANIES & MARKETS
• THE FINANCIAL TIMES LIMITED 1990
Tuesday May 15 1990

INSIDE

Crystal woes for the Emerald Isle



The sparkle may go out of Irish industry if the country's largest employer, Waterford Crystal, carries out its threat to leave the country. Industrial action, now into its seventh week, has shut down the company's factory and management has hinted at moving production to eastern Europe if a settlement is not agreed soon. Kieran Cooke looks at the problems facing a strife-torn and troubled group. Page 33

S&N suffers legal blow

Smith & Nephew, the UK healthcare and consumer products group, has had $83m damages awarded against one of its US subsidiaries for breach of contract and misappropriation of trade secrets concerning materials used in artificial joints. The news sent the group's shares tumbling to 106p, a 3p fall ex dividend, but S&N plans a "vigorous" fight against the ruling. John Thornhill reports. Page 30

Fertile soil in Scandinavia

Anything to do with fertilisers ought to be fast-growing. But shares in the sector are not — a depression hangs over the industry in western Europe. Two Nordic groups, however, are still riding high. Finland's Kemira and Norsk Hydro of Norway, are the two biggest fertiliser makers in Europe. Since 1980 they have been building up capacity in preparation for 1992. Page 26

Eighteen months and counting

It will be 18 months before the Washington-New York-Boston shuttle service run by Donald Trump (left) makes a net profit, the airline said yesterday. In the meantime, it is up for sale — but there have been no offers. The Trump shuttle, bought last June from Eastern Air Lines for $365m, has made continued net losses because of its heavy debt burden. However, it has recently started to cover its operating costs. Page 27

Bankers test Taiwanese waters

Japanese bankers are casting eager eyes towards Taiwan, as its financial markets are deregulated. Bank of Tokyo, one of Japan's largest banking groups, is in talks to open a representative office and smaller institutions are also exploring the possibility of a presence in Taiwan. But authorities in Tokyo, wary of disrupting Japan's relationship with mainland China, are not happy with the moves, reports Gordon Cramb. Page 27

Market Statistics

Companies in this section

Chief price changes yesterday

FRANKFURT (DM)				**PARIS (FFr)**			
Rises				**Rises**			
Badenwerk	251	+	11	Bouygues	657	+	16
Brown Boveri	709	+	15	Coparex	560	+	10
Schering	830.5	+	9.5	Imetal	351	+	7.7
Falls				Poliet	592	+	8
DLW	810	—	20	**Falls**			
Lufthansa	180	—	5	Epeda-Bertrand	1260	—	33
Viag	412	—	6	Seb SA	1339	—	44
NEW YORK ($)				**TOKYO (Yen)**			
Rises				**Rises**			
Dupont	41	+	2⅜	Akasaka Diesel	1430	+	200
General Elec	68⅛	+	½	Koyo	4430	+	630
IBM	114⅞	+	¾	Saitama Bank	1250	+	180
Philip Morris	45⅛	+	¾	**Falls**			
Falls				Mitsubishi Pap.	3190	—	150
Artel Comm	5⅛	—	⅞	Nihon Inter	1020	—	70
Mylan Labs	7⅝	—	¾	Tokyo Theatres	952	—	68
LONDON (Pence)							
Rises				Legal & Gen	365	+	11
Allied-Lyons	438	+	11	Lloyds	272	+	10
Ashley (Laura)	62	+	5	Mecca Leisure	78	+	5
BET	230	+	7	Metro Radio	136	+	8
British Gas	210	+	6	Mosaic Inv.	325	+	30
Brit Petroleum	319	+	14½	Polly Peck	419	+	21
Enterprise Oil	618	+	18	Refuge	623	+	26
Glaxo	823	+	21	Unilever	667	+	20
Hanson	226½	+	8¾	**Falls**			
Hogg Robinson	125	+	10	Eurotunnel Uts	530	—	25
ICI	1137	+	29	TVS Ent	98	—	6
Johnson Matthey	248	+	11				
LASMO	400	+	17				

SBC acquires almost 50% of BSI parent

By William Dullforce in Geneva

SWISS BANK Corporation, Switzerland's second largest banking group, announced yesterday that it had bought a packet of registered shares giving it 48.7 per cent of Unigestion, the Geneva-based finance company which controls Banca della Svizzera Italiana (BSI), Switzerland's sixth largest commercial bank.

SBC's move reflects the second important reshuffling within the top ranks of Swiss banking in just over a month. CS Holding, parent of Credit Suisse, the third largest bank, is in the process of completing its takeover bid for Bank Leu, the fifth biggest commercial bank.

Full details of the SBC alliance with Unigestion will be announced at a press conference in Zurich this morning.

Unigestion, a medium-sized finance company controlled by Mr Bernard Sabrier, the 38-year-old son of its founder, took control of the much larger Lugano-based BSI in an audacious move in 1988 with the help of Mr George Klein, a New York property developer, and SBC.

Control of BSI is exercised through Uni-Tower Holding, owned 51 per cent by Unigestion and 49 per cent by Mr Klein. Uni-Tower holds 36.5 per cent of the BSI share capital and 49.9 per cent of the voting rights.

Uni-Tower was financed partly by a SFr378m ($271m) medium-term loan from SBC. There has long been speculation in Swiss banking circles that SBC would convert this loan into an equity stake; the decision appears to have been finally triggered by CS Holding's purchase of Bank Leu.

Since Unigestion took command, BSI, which posted assets of SFr9.4bn at the end of the first quarter, has expanded its operations in Zurich, Geneva, London, New York and Tokyo and has gained two Japanese minority shareholders.

Taiyo Kobe Bank, which recently merged with Mitsui Bank to form the world's second largest bank in asset terms, owns 11.2 per cent of the BSI share capital and 2.7 per cent of the voting rights.

In March, Taiyo Mutual Life of Tokyo bought a 4.5 per cent stake in BSI, carrying 3 per cent of the votes.

Mr Sabrier foreshadowed changes in the ownership of Unigestion at its annual press conference last week. The finance company would strengthen its shareholder base by strategic alliances both at the national and international levels, he said.

Unigestion with a balance sheet total of SFr591m at the end of 1989 reported a 20 per cent increase in net earnings to SFr16.7m last year and raised its dividend from SFr20 to SFr23 per registered and bearer share.

SBC with assets of SFr173bn at the end of March, returned a net profit of SFr750, up 11 per cent on the previous year.

Receivers called in at London development

By Paul Cheeseright in London

BANK LENDERS to South Quay Plaza 3, a 210,000 sq ft office building in London's Docklands, have called in receivers. It is the largest single casualty of depressed commercial property prices in the area.

The banks are thought to have more than £35m ($58.8m) in loan capital at stake in what is believed to be the largest off-balance sheet financing in the UK property industry to have turned sour. Banks are now likely to scrutinise even more rigorously their lending to property companies. They have nearly £32bn outstanding, according to the Bank of England.

The inability of the developers to find tenants to lease the building or an investor to buy it meant there was no revenue to service the debt.

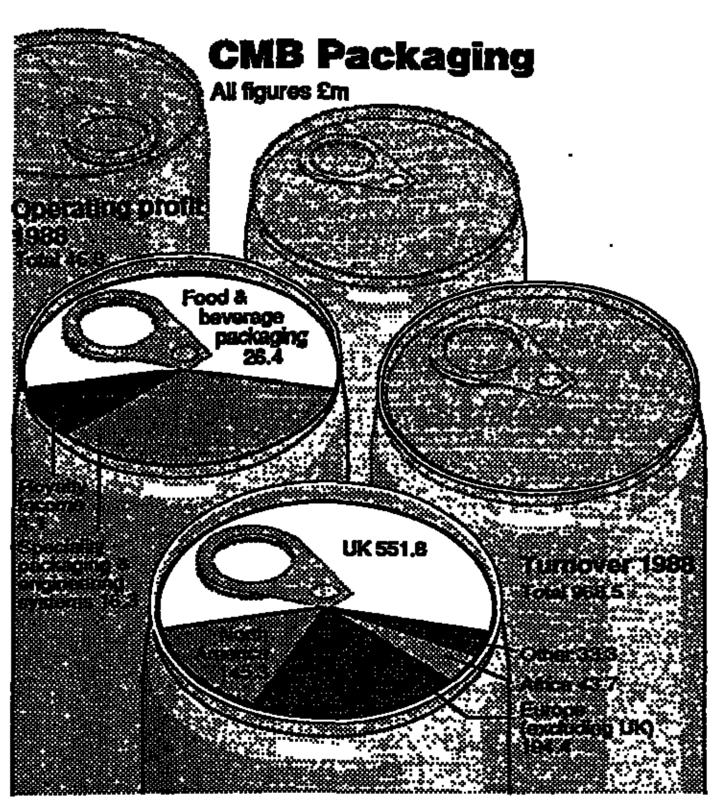
Marples International and National Leasing & Finance set up two off-the-shelf companies to develop South Quay Plaza 3 on the Isle of Dogs enterprise zone. It was these single asset companies which borrowed development finance from a syndicate of banks, not Marples or NLF. The banking syndicate remains anonymous.

Mr Alan Bloom and Mr Stephen Adamson of Ernst & Young, chartered accountants, have been appointed as receivers.

Builders call receivers, Page 10

A marriage showing first signs of strain

Maggie Urry on the merging of company cultures at CMB



It is a year since CMB Packaging was formed through the bold merger of the French Carnaud and British Metalbox Packaging groups to make the largest packaging company in Europe and the third largest in the world.

Bringing together a leading French company and a proud, long-established pillar of the British corporate establishment, it is a test case for the blending of very different corporate cultures. The omens are not all good.

The hope was that the two parts would slot neatly together to produce a group able to meet the demands of pan-European customers in the approaching single market. The potential benefits would be enormous, it was said at the time.

At presentations in Paris and London last month, the group's senior management gave an upbeat account of the past year and a rosy view of the future. Yet, although the idea of the merger is still sound, not all appears well in the aftermath of the deal.

The stresses and strains of building a new corporate culture from two very different heritages are starting to tell. Inside the group some senior managers question the way in which the new company is being run. They believe that unless there are changes in the management style and structure, the grand strategy behind the merger could fail.

Mr Jean Marie Descarpentries, chairman and chief executive, denies any suggestion of a move to oust him. He says that some have found it difficult to adjust to his decentralised style of management and the system of judging operational managers on their success in increasing the profits of their division. And he also implies that there will be departures among senior management.

Outside the company there is some disappointment with the progress the new group has made in producing the forecast merger benefits. Swift rationalisation of production and cuts in the workforce had been expected, but little appears to have happened so far — although permanent staff numbers have been reduced by 2,500 to 33,700. Stockbrokers' analysts had hoped for more from the first annual results announced last month. These showed net profits up 17 per cent at FFr947m ($171.5m).

Mr Robert van den Heuvel, the finance director, says analysts' expectations had been too optimistic. The results covered a 12-month period from the old Carnaud but only nine months from the old MB which had a March year end. Also, more conservative accounting principles had been adopted.

Added to these concerns, customers complain that the level of service they get from the merged group is poor, although in some areas, notably beverage cans, there is a supply shortage throughout the industry.

The group has apparently not lost much business following the merger, though it has been helped by the fact that many of CMB's competitors have also changed hands recently.

For example, American National Can was taken over by Pechiney, Reedpack did a leveraged management buy-out, DRG has been the subject of a break-up bid, and Continental Can, of the US, is being sold off in parts. Once the competition has regained its strength, the fight for leadership in Europe will become fierce, especially with the prospect of eastern Europe opening up. Packaging prices will remain under severe pressure and good customer service will be vital.

Then, too, there is the whole question of CMB's shareholding structure. At the outset, CGIP, the French holding company which had a large stake in Carnaud, and MB Group, which owned Metalbox Packaging, each took 25.5 per cent of CMB.

A year on, there has been speculation that MB would like to cash in its stake, following a marked change of direction in the group with its takeover of Caradon, a building products business. The money could be reinvested in businesses closer to MB's mainstream interests.

MB's original representatives on the CMB board, Mr Brian Smith and Mr Murray Stuart, were the prime movers on that side behind the merger. But Mr Smith has retired and Mr Stuart has left MB. They are being replaced on CMB's board by people who have no background in the packaging industry.

Mr Descarpentries says he cannot comment on any speculation, since MB has not notified CMB of any intention to sell its stake. But he says if MB were to sell there would be no overhang of stock on the market, and insists: "I am not afraid."

UK holders of the shares have been sellers during the year. The shares, which rose to 2500p in the early months after the merger, fell sharply in January and February to a low of 1800p, and have since recovered half that drop to close last night at 2150p.

Most serious of these worries is the note of dissension within the business. Putting together two entirely different companies — some of the subsidiaries had previously been fierce competitors — was never going to be straightforward. Presented as a merger, there was not the luxury of one side being able to claim victory over the other with the conqueror's rights of being able to impose change. Instead, a new culture had to be forged.

Mr Descarpentries says this has happened, and that it is the most important achievement of the first year's work. He says the group must not be considered as Anglo-French or Franco-British, but European — something some people within the group have found difficult to understand, he suggests.

He says that the combined group's turnover is 30 per cent British, 30 per cent French and, therefore, the largest part — 40 per cent — belongs to neither side of the cultural divide. The arrival of Mr van den Heuvel, a Dutchman, at the beginning of 1990 also brings someone with no axes to grind into a senior position. He works alongside Mr Alex Watson, director general, formerly of Metal Box and now the effective number two at CMB.

The group has combined the best of both cultures to form a new management style, Mr Descarpentries says. The aim now is that each division will improve on several important financial criteria — such as operating margins, productivity, working capital usage — by bringing the less good parts of the business up to the standard of the best areas. A provision of FFr523m has been put in the accounts to cover restructuring costs.

Behind the management structure is the theory of a highly decentralised group, organised into individual business units, which are in turn part of networks of plants in the same business sector. The whole is described by Mr Descarpentries as an inverted pyramid, with the customers at the top, and the general management at the bottom, reporting to shareholders.

But dissidents believe Mr Descarpentries has acted to divide the business into units small enough for him to dominate.

Mr Descarpentries is credited with turning Carnaud around from near bankruptcy to a thriving business in a few years. But his critics argue that the French company was suitable for the small, bolt-on acquisitions. This is not the way to run a large multinational group, where there is a need for greater delegation on management decisions, they argue.

Mr Descarpentries says that in Carnaud it was possible to run the company "on the telephone", without formal procedures. Because CMB is a much bigger group, it needs a more formal procedure for taking big decisions without losing momentum and he hints at forthcoming changes in the decision-making structure.

Whoever wins the behind-the-scenes power play apparently being enacted at CMB, the merger can still produce a successful, international packaging group able to stand up to the giants of the US and Japan. But the bickering cannot go on for much longer.

French water company takes $100m stake in US group

By George Graham in Paris

COMPAGNIE Générale des Eaux, France's largest water and public services company, is to take a $100m stake in Air and Water Technologies (AWT), a New Jersey-based specialist in water resource management, air pollution control and the disposal of waste products.

The French water company will buy the stake in a private placing at the same time as AWT's forthcoming flotation on the American Stock Exchange, and analysts said it could end up with 16 to 18 per cent of AWT.

Générale des Eaux also agreed with AWT to explore opportunities for using the US company's technologies and capabilities in Europe and the Far East. An AWT spokeswoman said that the companies anticipated a good fit between AWT's air pollution control technologies and the French group's construction activities, which include SGE, France's third-largest construction company.

AWT, which was taken private in 1987 before coming back to the stock market, is on the point of completing arrangements for an offering of $150m of convertible subordinated debentures along with 2.5m new ordinary shares.

Générale des Eaux will pay 8.33 per cent more than the eventual offer price.

The US group, whose 1989 sales totalled about $606m, includes the Metcalf and Eddy Companies specialising in water resources management, and Research-Cottrell, an air pollution control company.

Générale des Eaux made profits of FFr1.83bn ($331m) last year on turnover of FFr96.5bn.

It has expanded rapidly in recent years, both in its core water businesses, where it has been among the most active buyers of UK water companies, and in other service areas.

These include healthcare, where it recently bought control of AMI Healthcare, the largest private UK medical company, and radio telephone networks.

Chrysler included in Mitsubishi talks

By Kevin Done, Motor Industry Correspondent in Tokyo

MITSUBISHI Motors, the Japanese car and truck maker, is negotiating with Chrysler of the US, as well as with Volvo of Sweden and Daimler-Benz of West Germany on the setting up of a car production joint venture i Western Europe, Mr Hirokazu Nakamura, the company's chief executive said yesterday.

The company's long-awaited decision to begin car production in Europe — in the wake of Nissan, Toyota and Honda — had been delayed by at least a year by the pace of political and economic change in western and eastern Europe, be admitted. "The future of the European market is uncertain," he said.

Mitsubishi Motors remained committed to establishing a European car production base, however, and the company hoped to choose a partner and a location for the plant before the end of the year, he said.

The talks with Daimler-Benz about European car production are part of wider-ranging negotiations between the West German concern and the whole Mitsubishi industrial grouping including the areas of aerospace and electronics. Mr Nakamura confirmed that the two groups were also studying the feasibility of joint assembly of Daimler-Benz trucks in Japan.

The recent disclosure of Mitsubishi Motors' talks with Volvo has already aroused fierce opposition from some quarters in France, because of the far reaching alliance that is being formed by the Swedish car and truck maker with Renault, the French state-owned car maker. France is leading the campaign for continuing tough curbs on Japanese car sales in Europe.

"Volvo is one of the candidates we are having talks with," admitted Mr Nakamura.

However, "no concrete decision has been made and in the meantime Volvo's position has changed," he said, referring to the Volvo-Renault alliance. "We are taking this into account. We still need local production."

Mr Nakamura said that Mitsubishi strongly favoured a joint venture rather than going it alone as Toyota and Nissan, the two leading Japanese car makers, have with the development of their first European car plants in the UK.

He said that Chrysler was also "one of the candidates we are considering in the joint venture scheme."

The company was seeking a partner for its planned European venture for two reasons.

- To win easier acceptance in the face of increasing protectionist pressures, and
- To improve the financial viability of the project by allowing higher volumes of production and higher levels of productivity.

Chrysler, which owns a 12.1 per cent stake in Mitsubishi Motors is keen to re-establish a stronger presence in Europe following its forced withdrawal from the European car market at the end of the 1970s in the face of financial collapse.

Rhône-Poulenc acquires garden products units

By George Graham

RHONE-Poulenc, the French state-owned chemicals group, said it will become Europe's largest supplier of garden maintenance products with the acquisition of the garden care activities of Shell Agrar in West Germany and Torfa in Belgium.

The French group was already present in the garden chemicals sector with around FFr450m ($81.6m) a year of sales in France, Belgium, Italy and the UK, where it sells under the name of May and Baker Garden Care. It said the two separate acquisitions would give it 15 per cent of the European market.

The European gardening products market is valued at FFr9.3bn a year, just behind the US market, with sales of FFr4.6bn a year in insecticides, weed killers and other disease treatments, FFr2.9bn a year in soil conditioners and FFr1.8bn a year in house plant products.

The garden division of Shell Agrar, a unit of Deutsche Shell, accounted for FFr380m of sales last year, and will give Rhône-Poulenc a 28 per cent share of West Germany's garden treatment products market, with the Celaflor brand, as well as the Etisso brand for house plant products. It will also reinforce Rhône-Poulenc's position in its domestic market, where Shell Agrar's Sovilo and Fertiligene brands rank second behind its own KB brand.

Torfa, based at Rumst between Brussels and Antwerp, is a small supplier of the Belgian, Luxembourgeois and French markets, with FFr36m of sales last year. Rhône-Poulenc officials said Torfa is highly specialised in the soil condition sector.

Trinkaus seeks DM78m

By Katharine Campbell in Frankfurt

TRINKAUS & Burkhardt, the Düsseldorf-based bank 70 per cent owned by Midland Bank of the UK, is raising DM78m ($49m) through a one-for-ten rights issue at DM390 a share.

The rights price represents around a 13 per cent discount on yesterday's market value for the shares.

Midland Bank will take up its full entitlement to the new shares.

Trinkaus did not specify how the proceeds from the rights issue, which is the bank's second since its flotation five years ago, would be spent.

Last month the bank announced a small increase in 1989 group partial operating profits to DM74.9m from DM72.1m the previous year. Total group operating profits declined, although they would have been higher if pending profits from warrant issues had been included.

Stad Rotterdam profits fall

By Our Financial Staff

STAD Rotterdam, the big Dutch insurance group, yesterday reported lower profits for the first quarter of 1990 but said earnings for the whole year should show an improvement.

The group's first-quarter performance has been severely hampered by weak non-life experience with operating profits from this division tumbling to Fl 2.11m ($1.15m) from Fl 7.96m in the first quarter of 1989.

The result is that group net profits for the quarter have fallen by a third to Fl 10.8m, from Fl 15.9m in the 1989 quarter. Revenues in the period were Fl 594m compared with Fl 553m.

Stad Rotterdam said it had been badly hit by the need to provide against severe storm damage in the early weeks of 1990.

NEWS IN BRIEF

Hochtief to hold payout at DM10

HOCHTIEF, West Germany's biggest construction group, is to hold its dividend at DM10 a share for 1989. The company plans to provide full 1989 financial details on May 22, AP-DJ reports.

In February, Hochtief said pre-tax profit had improved and that group construction volume, which includes projects that have not yet been billed, increased 16 per cent to DM5.46bn ($3.28bn) during the year.

Hochtief, which is part of the RWE utility group, said volume growth in 1989 was paced from its foreign operations, where volume climbed 28 per cent to DM1.96bn. Domestic growth climbed 11 per cent to DM3.5bn.

● Instituto Nacional de Industria, Spain's state holding company, has appointed Mr Miguel Aguilo to the board of state-owned airline Iberia Lineas Aereas de Espana prior to his election as its chairman, Reuter reports.

The appointment of Mr Aguilo, who was chairman of INI's shipyard division Astilleros Espanoles will be ratified by Iberia's annual meeting in June. He will replace Narciso Andreu as chairman of both Iberia and its charter unit Aviaco. Mr Andreu, who has been chairman of Iberia and Aviaco since 1985, has asked to be relieved of his duties. He is expected to be appointed chairman of Banco Espanol de Belgica, the Belgian subsidiary of Banco Exterior, the state controlled bank.

● TF1, the French television station, and its main shareholder, construction group Bouygues, have signed an agreement with Swedish communications group Industriforvaltnings AB Kinnevik to co-operate in the field of television, Reuter reports.

The three partners have decided initially to look into the possible acquisition of Esselte Entertainment, which Sweden's Esselte put up for sale earlier this year. The division includes the leading distributor of video cassettes in northern Europe as well as the Filmnet pay-television station.

Fertile times for Kemira and Norsk Hydro

Peter Marsh looks at the steady expansion of two Scandinavian fertiliser makers

Would you like some shares in a fertiliser company? Fertilisers are not the most glamorous, high-growth sector and the question is guaranteed to send even the most enthusiastic investors fumbling for an excuse.

While most of the world's large fertiliser groups have had a thin time in recent years, with share prices and profits in the sector distinctly unimpressive, two companies have been riding high.

They are Norsk Hydro of Norway and Finland's Kemira, the first and second biggest fertiliser makers in Europe. In the past decade, both have steadily built up capacity in this area, often through buying up divisions of other fertiliser groups.

Kemira alone has spent FM1bn ($257m) in the past five years in acquisitions in this field, more than tripling its European fertiliser production capacity to about 7m tonnes a year. Norsk's capacity, all in Europe, is twice this, making it the number one fertiliser producer worldwide.

Both Norsk and Kemira have increased their capacity in Europe outside Scandinavia as part of a broad strategy to gain a firm foothold inside the European Community prior to the planned elimination of trade barriers after 1992.

In the case of Kemira, Finland's biggest chemicals company, the moves in fertilisers are part of a broad, general expansion which has seen the group double its sales over the past six years to FM11bn last year. In addition to fertilisers, Kemira has a strong position in paints and general industrial chemicals and is the world's fifth biggest maker of titanium dioxide, a white pigment used in paints, plastics and fibres.

Fertilisers add up to a $50bn-a-year business worldwide, but in most countries outside western Europe the sector is highly fragmented with local producers, often relatively small, having the largest market shares.

In western Europe, the fertiliser market has been generally depressed for several years, as a result of several factors. Many of the large companies in the business have had excess capacity; there has been poor demand from farmers whose own industry has been in trouble; and cheap imports from other countries, in eastern Europe for example, have undercut prices. Also environmental pressure against over-use of fertilisers, which have been linked to pollution of rivers and some health problems, has helped to restrain sales, particularly in the developed world.

In this less than booming sector, consolidation has occurred. The number of large independent fertiliser companies in western Europe has been reduced from 56 in 1980 to 29 this year, according to Kemira.

Despite the poor position of the industry as a whole, both Norsk and Kemira are making reasonable profits in fertilisers, in contrast to other large European groups in this industry such as Imperial Chemical Industries of Britain and West Germany's Hoechst. ICI, in particular, has had a bad time in fertilisers in recent years. In both 1998 and 1989, while the rest of ICI's divisions were booming, its fertiliser units lost money.

WEST EUROPEAN FERTILISER MAKERS (1989 capacity per year)

	(m tonnes)
Norsk Hydro (Norway)	13.0
Kemira (Finland)	7.1
Enimont (Italy)	5.1
Elf Aquitaine* (France)	4.8
BASF (W Germany)	4.2
Ercros/Enfersa (Spain)	4.4
ICI (UK)	4.3
DSM (Holland)	2.6

*After completion of take-over of parts of Orkem (France) · Source: Industry estimates

Norsk and Kemira may, it is thought, benefit from state ownership in the sense of having a longer-term perspective and not having to worry about ups and downs in their share prices. Mr Pertti Laurila, director of business development in Kemira's agriculture division, denies that in the case of his company this means his group has an unfair advantage.

"Being state-owned does not make any difference; we act just like a private-enterprise company," he said.

Mr Geoff Pyke, a fertiliser expert at Chem Systems, a London-based chemicals consultancy, said that both Kemira and Norsk differed from the other fertiliser groups in terms of commitment and investment strategies.

"They (the Scandinavian companies) have gone for large, efficient plants in well-located positions. The other companies (in fertilisers) seem to be in more of a hanging-in mode."

In their Scandinavian plants, both Norsk and Kemira have an advantage in terms of access to large and relatively cheap supplies of natural gas – a vital ingredient in manufacture of nitrate-based fertiliser, the most important type of agricultural nutrient.

The natural gas is used in a transition stage in nitrate production which involves synthesis of ammonia. The other two main types of fertiliser are based on potassium and phosphorus as the essential elements added to soil.

The two Nordic companies have also put a lot of effort into building up the marketing-related aspects of the business. "At Kemira we have tried to stress good distribution facilities and build highly flexible plants that can be switched around to meet different needs," said Mr Laurila.

The marketing will be stressed even more in future, said Mr Finn Huistendahl, vice president at Norsk.

"We will spend more money in the next few years on distribution and depots than on new plants."

Mr Huistendahl said an important part of Norsk's strategy had been cutting costs, from a viewpoint of energy and staff numbers. Production of nitrate-based fertiliser, in particular, is highly energy intensive and benefits from modern energy-efficient technology.

Europe's fourth biggest fertiliser maker is Elf Aquitaine, the state-controlled French oil and chemicals group. The company has gained its fertiliser interests by dint of its takeover of Orkem, another French chemicals company which has built up its fertiliser interests in recent years.

Mr Loïk Le Floch-Prigent, Elf Aquitaine's chairman, said fertilisers is an inherently cyclical business which is unlikely ever to make large and consistent profits. None the less, he said, the business "is improving quite a lot" and he believed prospects were reasonably good.

For the investor in chemicals, a chance to take a gamble on how fertilisers will develop might come next year, when up to a quarter of the stake in Kemira is likely to be floated off to private investors.

No announcement on this has been made, but a partial privatisation of the company is thought likely because of pressure on the Finnish Government to reduce its stake in public enterprises. Kemira's management has also pressed for the change on the grounds that it would give the company greater flexibility in raising funds from the investment community.

The long-term outlook for Kemira's fertiliser division and for the industry as a whole will depend less on any moves towards privatisation and more on external factors such as overall levels of agricultural activity and what happens on a broader environmental front. Whether the business can shake off the doldrums of recent years is a question many in the sector are far from certain about.

Pharmacia down 28%

By Jack Burton in Stockholm

PHARMACIA, the Swedish pharmaceutical and biotechnology group, saw profits after financial items fall by 28 per cent to SKr186m ($31m) during the first three months of 1990. Sales rose 5 per cent to SKr1.88bn. But the company repeated its previous forecast for the year, which predicted that profits will increase as sales outpace cost growth.

Pharmacia said it had expected first-quarter profits to be lower than last year's, which were inflated by exceptional factors. The results were also hit by bigger amortisation costs and foreign exchange losses of SKr6m. Pharmacia, which merges later this year with Procordia, noted the planned divestiture of units, which would boost income, had been delayed until the merger is completed.

It is satisfied with the slower growth in costs for administration and marketing, which rose 5 per cent against 20 per cent.

Wessanen set to reach deal with Karlshamns

WESSANEN, the Dutch food group expects to reach an agreement to transfer the capital of its Friwessa unit to Karlshamns, the Swedish oils and fats group, Reuters reports. No financial details of the transaction were given.

Friwessa manufactures oils and fats for the chocolate and confectionery industries and employs 189 people with an annual turnover of about Fl 225m ($122m).

Air Liquide to build unit

By George Graham

AIR Liquide, the world's leading industrial gases group, is to invest FFr160m ($29m) in a new liquid hydrogen unit in French Guyana to power the Ariane 4 and 5 rockets produced by the European joint venture Arianespace.

The group has signed a supply contract with France's National Space Research Centre (CNES) to build the plant, which will produce 10m litres a year of liquid hydrogen and come into operation in the autumn of 1991. It will replace the existing supply of liquid hydrogen shipped to Ariane's Kourou launch site by container.

Air Liquide said last week it planned to merge its Danish interests with Hede Nielsen, the country's largest industrial gas supplier. The two companies will create a joint holding company, Hede Nielsen Investment, controlled by the Hede Nielsen family, with Air Liquide in the minority.

INTERNATIONAL COMPANIES AND FINANCE

S Australian state bank to absorb NZ building society

By Terry Hall in Wellington

STATE BANK of South Australia yesterday announced plans to become the fifth largest banking group in New Zealand by absorbing the country's United Building Society.

The society, which has assets of NZ$2.5bn (US$1.4bn), has been seeking a powerful backer since a well-publicised run on its funds due to rumours some 18 months ago when the media portrayed long queues at its branches.

While it overcame this crisis, it apparently acted to constrain its growth, and put to an end its own plans for a bank licence and stock exchange listing.

Under the proposals revealed yesterday, the aggressive State Bank of South Australia will subscribe NZ$150m in capital to help turn the society's existing 85-strong branch network into a bank. It will also offer various cash and interest incentives to the society's members, who are to vote on proposals to turn the society into a limited liability company and seek a bank licence at a meeting in Christchurch on June 6.

A number of regulatory consents are required, including approvals from the Overseas Investment Commission and Registrar of Building Societies. The Reserve Bank will also have to grant a banking licence. The latter should be a formality, however, as State Bank has held a licence since 1988, when it bought the local wholesale business of the US-based Security Pacific.

If it gains the necessary approvals, State Bank's asset base in New Zealand will stand at NZ$4bn on June 30. United *Building Society last* year reported a profit of NZ$11.1m, although NZ$7.6m came from planned property sales to strengthen its capital adequacy provisions.

State Bank said the two organisations were remarkably similar. Both were headquartered outside their countries' main cities (in Adelaide and Christchurch), which gave them considerable benefits, and both were extensively involved in home loans, property and stockbroking.

Taiwan may get first Japan bank in 20 years

By Gordon Cramb

TAIWAN may soon gain its first new Japanese bank outlet for nearly 20 years in spite of resistance by the authorities in Tokyo, which are wary of disrupting Japan's relationship with mainland China.

Bank of Tokyo, one of the country's largest banking groups, is in talks aimed at setting up a representative office, perhaps as early as July. Dai-Ichi Kangyo Bank (DKB), the only Japanese bank already in Taipei, began its operation in 1959.

Other groups withdrew after Japan switched its recognition to China from Taiwan in 1972. Some are now exploring the possibility of a presence in Taiwan, which is moving to deregulate its financial markets.

Foreign banks, which are being allowed to tap part of the huge pool of Taiwanese savings, will now be able to convert a representative office into full branch status after a year on the island, rather than the previous two years.

The Ministry of Finance in Tokyo says it cannot restrict the opening of representative offices abroad, for which it needs only prior notification. Setting up a branch, however, requires its permission, which in the case of Taiwan it has been reluctant to grant.

According to a ministry official: "Opening branches is *rather difficult diplomatically.*" He added: "Banking managers should think about their own business in mainland China and consider the balance."

Bank of Tokyo has a special role as Japan's main foreign exchange bank, and its absence from a market as large as Taiwan is exceptional. Significantly, in the past year some 10 per cent of Taiwan's nearly US$70bn in official reserves has been moved into Japan, where previously nearly all was held in the US.

The medium-sized International Commercial Bank of China is the only Taiwanese bank to have a branch in Japan. However, bankers believe that at least one of the island's big three banking groups, which are in the process of being privatised, will soon seek to set up in Tokyo. Chang Hwa Commercial Bank is said to be the most likely candidate.

Trump Shuttle 'meets running cost'

By Roderick Oram in New York

THE TRUMP Shuttle is still more than 18 months away from turning in a net profit although it has recently begun to cover its operating costs, Mr Bruce Nobles, the airline's president, said yesterday.

Since Mr Donald Trump, the New York real estate developer, said recently he would consider offers for the airline, "we have received some expressions of interest and we are providing information but there are no offers and no negotiations," he added.

Continuing net losses at the airline, because of its heavy debt burden, prompted Mr Trump to put the airline on the block, analysts believe. He bought it last June from Eastern Airlines for $365m, financing the purchase and refurbishment with an estimated $400m of debt.

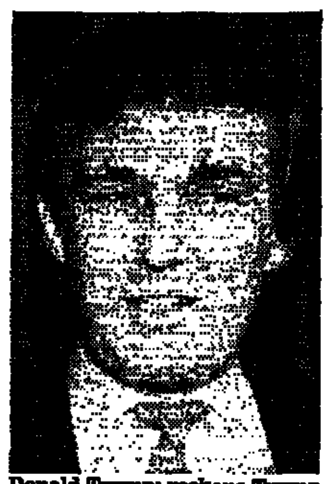
Mr Nobles declined to comment on newspaper reports that the Shuttle had run up net losses of $85m under Mr Trump's ownership, a figure higher than earlier estimated.

"We'll begin to show a net profit by the beginning of 1992," he said.

In contrast, the Pan Am Shuttle, which shares the Washington-New York-Boston shuttle duopoly with Trump, is believed to be currently profitable, although Pan Am does not break out results from its total airline figures.

Eastern earned an average of $19m net profit on the Shuttle in the five years before it sold the operation to Mr Trump.

Pan Am and Eastern's shuttle operations would have turned in similar results to Trump's if their costs were allocated properly rather than carried in part by the companies' other airline operations, Mr Nobles said. But the other shuttle operations had much smaller debt loads than the Trump Shuttle which has to meet an interest bill of at least $40m a year, analysts estimate, out of total revenues of only about $200m.



Donald Trump: reckons Trump Shuttle is worth $600m

To cover interest payments, Trump would need an operating profit margin of around 20 per cent whereas other airlines consider 15 per cent high in today's market conditions.

"Given the scale of the operating losses and the overall decline in the value of airline assets since Mr Trump bought the Shuttle, he will be lucky to get more than about $250m for it now," said Mr Edmund Greenslet, publisher of the Airline Monitor, an industry newsletter.

Mr Trump has said it is worth $600m.

Poor fishing results hamper performance at Tiger Oats

By Philip Gawith in Johannesburg

POOR RESULTS from fishing hampered the performance of Tiger Oats, a South African *foods group and a member of* the Barlow Rand stable, in the six months to March.

A fall in operating margins left pre-tax profit up only 3 per cent at R213.6m (US$82.2m) on turnover up 17 per cent at R3.23bn.

Oceana, its fishing subsidiary, amid tight trading conditions in the food industry, suffered badly from a severe reduction in the anchovy quota, poor catches of pelagic and rock lobster, and lower volumes and margins in the trading divisions. Fishing's contribution to group attributable earnings was down to R4.6m from R11.4m.

The food division performed solidly, with the attributable earnings contribution up 20 per cent to R96.6m. Adcock Ingram *and Logos, the pharmaceuticals* division, also performed well, raising its contribution 32 per cent to R19.6m.

The directors expect trading conditions to remain difficult in the six months ahead, but believe the current rate of increase in earnings will rise. Owing largely to a decline in earnings attributable to outside shareholders, earnings and dividends per share were up 13 per cent to 86.9 and 22 cents respectively.

Imperial Cold Storage and Supply (ICS), another member of the Barlow group, suffered from severe competition. Margins were slashed and pre-tax profits plummeted 39 per cent to R20.43m over the same period.

Turnover rose 12 per cent to R1.05bn, *but operating* margins were cut to2.18 per cent from 4 per cent. A 42.6 per cent rise in interest and a R3m extraordinary item further knocked profits.

The poultry division suffered a loss because of oversupply, which dampened prices, and production interruptions during the commissioning of an upgraded processing plant. The red meat division also experienced lower margins, but the dairying and distribution divisions, and associated companies performed satisfactorily.

Earnings per share were 30 per cent down at 63.8 cents and the dividend was cut 22 per cent to 14 cents.

Oil producers edgy at Alberta tarsands

By Robert Gibbens in Montreal

MANY large oil companies are suddenly seeking to pull out of the famous Alberta tarsands. They are nervous about the new downtrend in oil prices and the heavy future financial commitments needed for expansion.

Canada now has two tarsands production units near Fort McMurray, North of Edmonton, with a combined output of about 220,000 barrels daily of synthetic crude.

The smaller unit, with capacity of about 60,000 barrels daily, is owned by Suncor, the *Canadian arm of the US Sun* Oil, and Suncor says it wants to sell a half ownership share.

The plant was brought on stream in 1965 using a steam process developed in the 1920s to separate the bitumen from the sand.

The Syncrude plant, child of the 1974 world energy crisis, followed using the same process. However the two separate circuits were built so that an accident or fire would not close down the whole operation.

Syncrude started up at 125,000 barrels daily in 1978. It has been expanded to 160,000 barrels daily capacity and the total investment is well over C$3bn (US$2.6bn).

The Alsands project, of the same scope and with a price tag of $9bn, was shelved in 1981 after the second energy crisis. The federal government decided the price was excessive. In all, the Alberta tarsands are estimated to hold 300bn barrels of recoverable oil at around present prices.

Several of Syncrude's nine owners, including PetroCanada, Amoco Canada, Encor Energy, Gulf Canada, Canadian Occidental and the Alberta Government, have given notice they want to sell their Syncrude interest.

The companies in most cases have heavy debt loads and are restructuring their operations. The reason for an Alberta Government bail-out is less obvious.

The flight from Syncrude will delay a C$4bn expansion of capacity to more than 200,000 barrels daily indefinitely, say analysts. Already the Federal government has withdrawn its financial backing from the C$4bn Oslo tarsands project in the same area.

If the flight succeeds, the largest remaining stockholder would be Imperial Oil, with 25 per cent, and it is now digesting the C$5bn takeover of Texaco Canada. The second largest would be PanCanadian Petroleum, the energy arm of Cana*dian Pacific with 10 per cent*, and a handful of others to make up about 50 per cent overall.

Mr Wilfrid Gobert, a well known Calgary analyst, says most oil companies may well have concluded that tarsands production is too risky in the present climate. They may also be saying that more tax concessions may be needed if tarsands production is to represent a government target of around 10 per cent of total Canadian demand.

Syncrude is now operating at 200,000 barrels daily after recovering from a fire in December. The process uses high temperatures and fires are common in both plants.

Syncrude plans to reach an average daily output of 160,000 barrels for all 1990. At current prices in the C$20 range, it says it is profitable and can show a positive return for its partners.

The synthetic crude is pipelined to Edmonton and refined there by *Imperial* Oil.

This company, the country's largest integrated oil and gas group, will in any case remain heavily committed to the Alberta tarsands.

Besides being the leader of Syncrude, Imperial is also the major shareholder in the Oslo project. For Imperial, the crux is the timing in relation to future oil prices, and it shows every sign of staying in for the long pull.

Bids in for Leigh Instruments

By Robert Gibbens in Montreal

SEVERAL bids have been received for the bankrupt Leigh Instruments, of Ottawa, says the trustee, Peat Marwick Thorne.

More than 35 Canadian and international companies paid C$10,000 (US$8,621) deposits for Leigh's financial statements and list of contracts.

One of its few profitable subsidiaries is Micronav, a Nova Scotia maker of airport landing systems, which continued in operation with a large federal contract.

Peat Marwick said offers were received for all or parts of the hi-tech group. Results of the bidding will be disclosed during the next week.

Leigh was bought by Plessey in 1988 after a takeover fight with a Canadian company. Plessey was later absorbed by General Electric Company of the UK in conjunction with Siemens of West Germany. GEC also owns Canadian Marconi, a larger avionics and defence communications equipment builder.

Leigh declared bankruptcy early in April, with debts of around C$100m, and laid-off 700 employees.

● CAE Industries of Canada is still suffering from problems with its US Link military flight simulator and training division acquired in 1988 from Singer Co for C$665m (US$573m).

Link losses, plus accounting changes in Canada, lowered CAE's earnings for the year ended March 31 to C$2.7m, or 3 cents a down from C$42.8m or 55 cents on revenues up 33 per cent at C$1.1bn.

CAE, for many years the world's leading commercial flight simulator builder, has had to reduce the Link workforce by 16 per cent, merge units and inject new technology.

Washington Bancorp seeks rescuer

By Alan Friedman in New York

WASHINGTON BANCORP, the small and troubled bank that last week became the first commercial bank holding company in recent US history to default on its commercial paper obligations, yesterday said it was seeking a financial rescue from "substantial private investors."

The Washington DC bank, whose 18 National Bank of Washington branches are a familiar sight in the nation's capital, defaulted last week on $25.8m of its $36.7m of unsecured commercial paper because some lines of credit were cut off by other banks.

The bank, hit hard by loan problems associated with the spreading real estate sector recession, reported $5.7m of losses in the first quarter of this year and non-performing loans of $101.3m, representing *6.6 per cent of its total loan*-book.

Although small – its assets are only $1.9bn – the Washington Bancorp episode may be indicative of what might happen at other minnow- and medium-sized commercial banks if the real estate slump persuades money centre banks to cut back on interbank lines.

Yesterday, in spite of Washington Bancorp's assurances that its discussions with prospective investors were "active and intense," *the bank's* shares, quoted on the over-the-counter Nasdaq market, were marked ⅝ of a point lower, to $4¼.

Volkskas profit up 24 per cent to R174.3m

By Philip Gawith

VOLKSKAS, South Africa's fourth largest bank, increased pre-tax profit 24 per cent to R174.3m ($66.3m) in the year to March despite tight margins and increased provision for bad debts.

The increase in profits was due mainly to a 30.8 per cent increase in advances to R13.98bn, a rate considerably above that of other major banks which have reported recently.

This follows a concerted marketing campaign aimed especially at attracting young customers.

In line with competitors, provision for bad debts was increased by 22.7 per cent to take account of the casualties of prevailing high interest rates. Earnings per share were 26 per cent up at 270 cents and dividends 15.4 per cent up at 90 cents.

Ricoh up 4.5% on strong sales

By Ian Rodger in Tokyo

PRE-TAX profits of Ricoh, a leading Japanese maker of copiers and office automation equipment, rose 4.5 per cent to Y33.41bn ($219m) in the year to March.

The company, which *recently appointed a former* Ministry of International Trade and Industry (Miti) official as managing director, showed a profit of Y31.98bn the previous year.

Sales for the year rose 8.9 per cent to hit a record high of Y656.4bn from Y602.7bn, boosted by corporate capital *spending and brisk personal* consumption. The export ratio was 31.6 per cent. *Sales of* copiers were particularly strong, rising 12.4 per cent to Y312.9bn. Information equipment sales rose 3.1 per cent to Y184.3bn, and sales of paper and other supplies went up 3.3 per cent *to Y88.1bn.*

The company's overall good performance was due partly to its investment of surplus funds to boost its non-operating profit, to offset increased costs caused by poor performances in overseas facsimile machine production. Operating profits rose 0.2 per cent to Y24.37bn, and net income dipped to Y17.56bn from Y18.34bn.

Ricoh targets pre-tax profits of Y34bn for the current year. It plans to boost capital spending to Y45bn from Y36bn, some of which is earmarked for the construction of a technology development centre in Tokyo.

● Olympus Optical, a maker of cameras and other optical equipment, showed pre-tax profits of Y14.04bn in its year to March, up from Y9.74bn. Sales were Y157.4bn against Y139.2bn, Our Financial Staff writes.

It expects profits to rise further to Y15bn on sales of Y167.5bn.

Income surge at Daiwa House

DAIWA HOUSE Industry, Japan's second largest home builder, said yesterday its pre-tax profits jumped 43.6 per cent in the year to March to *Y63.24bn yen ($414m)*, AP-DJ reports from Tokyo.

Net income surged 51.2 per cent to Y32.83bn. Sales climbed 19.1 per cent to Y664.3bn. Daiwa House streamlined production and assembly of homes while developing new products to meet consumer spending.

Suchard USA fails to win FTZ status

By Barbara Durr in Chicago

JACOBS SUCHARD USA, the American subsidiary of the Swiss confectionery and coffee company, has failed in its attempt to win Foreign Trade Zone status.

Chicago-based Suchard USA, formerly E. J. Brach & Sons and the third largest candy maker in the US, now has to decide whether to move its operations abroad, which it threatened to do if its FTZ request were rejected.

The company asked for FTZ status to save $20m on sugar purchases since it could then buy it at the low world market price instead of the US domestic support price.

Suchard USA had argued it needed FTZ status to keep its operations in the US and help save more than 3,000 jobs.

FT GUIDE TO WORLD CURRENCIES

The table below gives the latest available rates of exchange (rounded) against four key currencies on Monday May 14, 1990.. In some cases the rate is nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

COUNTRY		£ STG	US $	D-MARK	YEN (X 100)
Afghanistan	(Afghani)	99.25	59.0246	35.8951	38.6562
Albania	(Lek)	10.1628	6.0438	3.6755	3.9582
Algeria	(Dinar)	13.4624	8.0061	4.8688	5.2433
Andorra	(Fr Fr)	9.3200	5.5426	3.3707	3.6299
	(Sp Peseta)	173.15	102.9735	62.6220	67.4391
Angola	(Kwanza)	49.5355u	29.9180	17.9151	19.2932
Antigua	(E Carr $)	4.5436	2.7021	1.6432	1.7696
Argentina	(Austral)	8103.15	4819	2930.6148	3156.0467
Aruba	(Florin)	3.0122	1.7913	1.0894	1.1732
Australia	(Aus $)	2.2015	1.3092	0.7962	0.8574
Austria	(Schilling)	19.455	11.5700	7.0361	7.5774
Azores	(Port Escudo)	245.25	145.8519	88.6980	95.5209
Bahamas	(Bahama $)	1.6815	1	0.6081	0.6549
Bahrain	(Dinar)	0.6330	0.3764	0.2289	0.2465
Balearic Is	(Sp Peseta)	173.15	102.9735	62.6220	67.4391
Bangladesh	(Taka)	55.50	33.0062	20.0723	21.6163
Barbados	(Barb $)	3.3846	2.0128	1.2240	1.3182
Belgium	(Belg Fr)	57.25	34.0469	20.7052	22.2979
Belize	(B $)	3.3656	2.0015	1.2172	1.3108
Benin	(CFA Fr)	466.00	277.1335	168.5352	181.4995
Bermuda	(Bermudian $)	1.6815	1	0.6081	0.6549
Bhutan	(Ngultrum)	28.80	17.1275	10.4159	11.2171
Bolivia	(Boliviano)	5.2503	3.1223	1.8988	2.0449
Botswana	(Pula)	3.13	1.8614	1.1320	1.2190
Brazil	(Cruzado)	85.7313	50.9850	31.0058	33.3909
British Virgin Is	(US $)	1.6815	1	0.6081	0.6549
Brunei	(Brunei $)	3.1058	1.8470	1.1232	1.2096
Bulgaria	(Lev)	1.3122	0.7803	0.4745	0.5110
Burkino Faso	(CFA Fr)	466.00	277.1335	168.5352	181.4995
Burma	(Kyat)	10.7780	6.4097	3.8980	4.1978
Burundi	(Burundi Fr)	292.50	173.9518	105.7866	113.9240
Cambodia	(Riel)	366.57u	218	132.5750	142.7731
Cameroon	(CFA Fr)	466.00	277.1335	168.5352	181.4995
Canada	(Canadian $)	1.9770	1.1757	0.7150	0.7700
Canary Is	(Sp Peseta)	173.15	102.9735	62.6220	67.4391
Cp. Verde	(CV Escudo)	122.7097	72.9763	44.3796	47.7934
Cayman Is	(CI $)	1.3967u	72.3709	0.5051	0.5439
Cent.Afr. Rep	(CFA Fr)	466.00	277.1335	168.5352	181.4995
Chad	(CFA Fr)	466.00	277.1335	168.5352	181.4995
Chile	(Chilean Peso)	506.91	301.4629	183.3309	197.4333
China	(Renminbi Yuan)	7.9331	4.7178	2.8691	3.0898
Colombia	(Col Peso)	798.06	474.6119	288.6292	310.8315
Comoros	(CFA Fr)	466.00	277.1335	168.5352	181.4995
Congo (Brazz)	(CFA Fr)	466.00	277.1335	168.5352	181.4995
Costa Rica	(Colon)	147.75	87.8679	53.4358	57.5462
Côte d'Ivoire	(CFA Fr)	466.00	277.1335	168.5352	181.4995
Cuba	(Cuban Peso)	1.3408	0.7973	0.4849	0.5222
Cyprus	(Cyprus £)	0.7905	0.4701	0.2858	0.3078
Czechoslovakia	(Koruna)	26.99c	16.0511	9.7613	10.5121
		41.38t	24.6089	14.9656	16.1168
Denmark	(Danish Kroner)	10.5425	6.2696	3.8128	4.1061
Djibouti Rep	(Djib Fr)	295.00	175.4385	106.6907	114.8977
Dominica	(E Carrib $)	4.5436	2.7021	1.6432	1.7696
Dominican Rep	(D Peso)	14.1820	8.4341	5.1291	5.5236
Ecuador	(Sucre)	1046.16o	622.1587	378.3580	407.4625
		1229.21a	731.0199	444.5605	478.7575
Egypt	(Egyptian £)	4.4950	2.6732	1.6256	1.7507
El Salvador	(Colon)	10.6805	6.3517	3.8627	4.1598
Equat'l Guinea	(CFA Fr)	466.00	277.1335	168.5352	181.4995
Ethiopia	(Ethiopian Birr)	3.4555	2.0550	1.2497	1.3458
Falkland Is	(Falk £)	1.00	0.5947	0.3616	0.3894
Faroe Is	(Danish Kroner)	10.5425	6.2696	3.8128	4.1061
Fiji Is	(Fiji $)	2.5595	1.5221	0.9256	0.9968
Finland	(Markka)	6.5433	3.8913	2.3664	2.5485
France	(Fr)	9.3200	5.5426	3.3707	3.6299
Fr. Cty/Africa	(CFA Fr)	466.00	277.1335	168.5352	181.4995
Fr. Guiana	(Local Fr)	9.3200	5.5426	3.3707	3.6299
Fr. Pacific Is	(CFP Fr)	165.00	98.1266	59.6745	64.2648
Gabon	(CFA Fr)	466.00	277.1335	168.5352	181.4995
Gambia	(Dalasi)	13.9423	8.2915	5.0424	5.4303
Germany East	(Ostmark)	2.7650	1.6443	1	1.0769
Germany West	(D'Mark)	2.7650	1.6443	1	1.0769
Ghana	(Cedi)	550.00	327.0889	198.9150	214.2161
Gibraltar	(Gib £)	1.00	0.5947	0.3616	0.3894
Greece	(Drachma)	273.10	162.4145	98.7703	106.3680
Greenland	(Danish Krone)	10.5425	6.2696	3.8128	4.1061
Grenada	(E Carr $)	4.5436	2.7021	1.6432	1.7696
Guadaloupe	(Local Fr)	9.3200	5.5426	3.3707	3.6299
Guam	(US $)	1.6815	1	0.6081	0.6549
Guatemala	(Quetzal)	6.5940	3.9214	2.3848	2.5682
Guinea	(Fr)	504.84	300.2319	182.5822	196.6270
Guinea-Bissau	(Peso)	1093.82u	650	395.5949	426.0253
Guyana	(Guyanese $)	52.06u	33	18.8282	20.2765
Haiti	(Goude)	8.4140u	5	3.0430	3.2771
Honduras	(Lempira)	7.4303u	4.4250	2.6872	2.8939
Hong Kong	(HK $)	13.0950	7.7876	4.7359	5.1002
Hungary	(Forint)	107.1720	63.7359	38.7602	41.7417
Iceland	(Icelandic Krona)	100.28	59.6372	36.2676	39.0574
India	(Indian Rupee)	28.80	17.1275	10.4159	11.2171
Indonesia	(Rupiah)	3074.26	1828.2842	1111.8481	1197.3748
Iran	(Rial)	116.50	69.2833	42.1338	45.3748
Iraq	(Iraqi Dinar)	0.5220	0.3104	0.1887	0.2033
Irish Rep	(Punt)	1.0330	0.6143	0.3735	0.4023
Israel	(Shekel)	3.3700	2.0041	1.2188	1.3125
Italy	(Lira)	2033.75	1209.4855	735.5334	792.1129
Jamaica	(Jamaican $)	11.5160	6.8486	4.1649	4.4852
Japan	(Yen)	256.75	152.6910	92.8571	100
Jordan	(Jordanian Dinar)	1.1075	0.6586	0.4005	0.4313
Kenya	(Kenya Shilling)	38.15	22.6880	13.7974	14.8588
Kiribati	(Australian $)	2.2015	1.3092	0.7962	0.8574
Korea North	(Won)	1.6323	0.9707	0.5903	0.6357
Korea South	(Won)	1186.1250	705.3969	428.9783	461.9766
Kuwait	(Kuwaiti Dinar)	0.48830	0.2903	0.1766	0.1901
Laos	(New Kip)	1211.62	720.5590	438.1989	471.9065
Lebanon	(Lebanese £)	1092.00	649.4201	394.9367	425.3164
Lesotho	(Maluti)	4.4220	2.6297	1.5992	1.7222
Liberia	(Liberian $)	1.6815	1	0.6081	0.6549
Libya	(Libyan Dinar)	0.4875	0.2899	0.1763	0.1898
Liechenstein	(Swiss Fr)	2.3475	1.3960	0.8490	0.9143
Luxembourg	(Lux Fr)	57.25	34.0469	20.7052	22.2979
Macao	(Pataca)	13.5798	8.0760	4.9113	5.2891
Madeira	(Port Escudo)	245.25	145.8519	88.6980	95.5209
Malagasy Rep	(MG Fr)	2133.50	1268.8076	771.6094	830.9639
Malawi	(Kwacha)	4.7200	2.8070	1.7070	1.8383
Malaysia	(Ringgit)	4.5290	2.6934	1.6379	1.7639
Maldive Is	(Rufiya)	15.5036	9.2201	5.6070	6.0384
Mali Rep	(CFA Fr)	466.00	277.1335	168.5352	181.4995
Malta	(Maltese £)	0.5445	0.3238	0.1969	0.2120
Martinique	(Local Fr)	9.3200	5.5426	3.3707	3.6299
Mauritania	(Ouguiya)	141.1364	83.9348	51.0439	54.9703
Mauritius	(Maur Rupee)	25.00	14.8676	9.0415	9.7370
Mexico	(Mexican Peso)	4755.57a	2828.1712	1719.9168	1852.2181
		4661.36d	2772.1439	1685.8444	1815.5248
Miquelon	(Local Fr)	9.3200	5.5426	3.3707	3.6299
Monaco	(French Fr)	9.3200	5.5426	3.3707	3.6299
Mongolia	(Tugrik)	5.6466u	3.3555	2.0421	2.1992
Montserrat	(E Carr $)	4.5436	2.7021	1.6432	1.7696
Morocco	(Dirham)	14.4308♣	8.5820	5.2190	5.6205
Mozambique	(Metical)	1564.82	930.6095	565.9385	609.4722
Namibia	(S A Rand)	4.4220	2.6297	1.5992	1.7222
Nauru Is	(Australian $)	2.2015	1.3092	0.7962	0.8574
Nepal	(Nepalese Rupee)	48.4192	28.7952	17.5114	18.8585
Netherlands	(Guilder)	3.1075	1.8480	1.1238	1.2103
N'nd Antilles	(A/Guilder)	3.0122o	1.7900	1.0894	1.1732
New Zealand	(NZ $)	2.9443	1.7509	1.0648	1.1467
Nicaragua	(Cordoba)	185108.00♠	110085.043	66946.834	72096.592
Niger Rep	(CFA Fr)	466.00	277.1335	168.5352	181.4995
Nigeria	(Naira)	13.2605	7.8861	4.7958	5.1647
Norway	(Nor. Krone)	10.7500	6.3931	3.8878	4.1869
Oman	(Rial Omani)	0.6460	0.3841	0.2336	0.2516
Pakistan	(Pak. Rupee)	36.30	21.5878	13.1283	14.1382
Panama	(Balboa)	1.6815	1	0.6081	0.6549
Papua New Guinea	(Kina)	1.6324	0.9707	0.5903	0.6357
Paraguay	(Guarani)	2076.05	1234.6416	750.8318	808.5881
Peru	(Intl)	29948.80	17810.7641	10831.3924	11664.5764
Philippines	(Peso)	36.70	21.8257	13.2730	14.2940
Pitcairn Is	(£ Sterling)	1.00	0.5947	0.3616	0.3894
	(NZ $)	2.9443	1.7509	1.0648	1.1467
Poland	(Zloty)	15894.00	9452.2747	5748.2820	6190.4576
Portugal	(Escudo)	245.25	145.8519	88.6980	95.5209
Puerto Rico	(US $)	1.6815	1	0.6081	0.6549
Qatar	(Riyal)	6.1110	3.6342	2.2101	2.3801
Reunion Is. de la	(F/Fr)	9.3200	5.5426	3.3707	3.6299
Romania	(Leu)	34.421	20.4698	12.4484	13.4060
Rwanda	(Fr)	129.29	76.8896	46.7594	50.3563
St Christopher	(E Carr $)	4.5436	2.7021	1.6432	1.7696
St Helena	(£)	1.00	0.5947	0.3616	0.3894
St Lucia	(E Carr $)	4.5436	2.7021	1.6432	1.7696
St Pierre	(French Fr)	9.3200	5.5426	3.3707	3.6299
St Vincent	(E Carr $)	4.5436	2.7021	1.6432	1.7696
San Marino	(Italian Lira)	2033.75	1209.4855	735.5334	792.1129
Sao Tome	(Dobra)	176.5387	104.9888	63.8476	68.7589
Saudi Arabia	(Riyal)	6.2952	3.7438	2.2767	2.4518
Senegal	(CFA Fr)	466.00	277.1335	168.5352	181.4995
Seychelles	(Rupee)	8.9700	5.3345	3.2441	3.4936
Sierra Leone	(Leone)	265.40	157.8352	95.9855	103.3690
Singapore	($)	3.1058	1.8470	1.1232	1.2096
Solomon Is	($)	4.1917	2.4928	1.5159	1.6325
Somali Rep	(Shilling)	689.95	410.3181	249.5298	268.7244
South Africa	(Rand)	4.4220c	2.6297	1.5992	1.7222
		6.6078g	3.9297	2.3898	2.5736
Spain	(Peseta)	173.15	102.9735	62.6220	67.4391
Spanish Ports in N Africa	(Sp Peseta)	173.15	102.9735	62.6220	67.4391
Sri Lanka	(Rupee)	66.60	39.6074	24.0867	25.9396
Sudan Rep	(£)	19.2681	11.4588	6.9685	7.5046
Surinam	(Guilder)	3.0038	1.7863	1.0863	1.1699
Swaziland	(Lilangeni)	4.4220	2.6297	1.5992	1.7222
Sweden	(Krona)	10.1025	6.0080	3.6537	3.9347
Switzerland	(Fr)	2.3475	1.3960	0.8490	0.9143
Syria	(£)	35.3388u	21	12.7807	13.7638
Taiwan	($)	44.45	26.4347	16.0759	17.3125
Tanzania	(Shilling)	323.60	192.4472	117.0343	126.0370
Thailand	(Baht)	42.70	25.3939	15.4430	16.6309
Togo Rep	(CFA Fr)	466.00	277.1335	168.5352	181.4995
Tonga Is	(Pa Anga)	2.2015	1.3092	0.7962	0.8574
Trinidad/Tobago	($)	7.1519	4.2532	2.5865	2.7855
Tunisia	(Dinar)	1.4875	0.8846	0.5379	0.5793
Turkey	(Lira)	4228.38	2514.6476	1529.2513	1646.8860
Turks & Caicos	(US $)	1.6815	1	0.6081	0.6549
Tuvalu	(Australian $)	2.2015	1.3092	0.7962	0.8574
Uganda	(New Shilling)	630.1388	374.7480	227.8983	245.4289
U A E	(Dirham)	6.1645	3.6660	2.2294	2.4009
United Kingdom	(£)	1.00	0.5947	0.3616	0.3894
United States	(US $)	1.6815	1	0.6081	0.6549
Uruguay	(Peso)	1803.88	1072.7802	652.3978	702.5822
USSR	(Rouble)	0.9993	0.5942	0.3614	0.3892
Vanuatu	(Vatu)	200.00	118.9414	72.3327	77.8967
Vatican	(Lira)	2033.75	1209.4855	735.5334	792.1129
Venezuela	(Bolivar)	78.17	46.4882	28.2712	30.4459
Vietnam	(Dong)	7572.60	4503.4790	2738.7341	2949.4060
Virgin Is-British	(US $)	1.6815	1	0.6081	0.6549
Virgin Is-US	(US $)	1.6815	1	0.6081	0.6549
Western Samoa	(Tala)	3.9309	2.3377	1.4216	1.5310
Yemen	(Rial)	19.9075	11.8391	7.1998	7.7536
Yemen PDR	(Dinar)	0.7758u§	0.4610	0.2805	0.3021
Yugoslavia	(Dinar)	19.1946	11.4151	6.9419	7.4759
Zaire Rep	(Zaire)	875.00	520.3687	316.4556	340.7984
Zambia	(Kwacha)	65.50	38.9535	23.6889	25.5111
Zimbabwe	($)	4.0725	2.4219	1.4728	1.5861

Special Drawing Rights May 11, 1990 United Kingdom £0.790691 United States $1.32757 Germany West D Mark 2.17044 Japan Yen204.977 European Currency Unit Rates May 14, 1990 United Kingdom £0.739814 United States $1.24451 Germany West D Mark 2.04449 Japan Yen190.535

Abbreviations: (a) Free rate; (b) Banknote rate; (c) Commercial rate ; (d) Controlled rate; (e) Essential imports; (g) Financial rate; (h) Exports; (i) Non commercial rate; (j) Business rate; (k) Buying rate; (l) Luxury goods; (m) Market rate; (o) Official rate; (p) preferential rate; (q) convertible rate; (r) parallel rate; (s) Selling rate; (t) Tourist rate (u) Currencies fixed against the US Dollar;
Some data supplied by Bank of America, Economics Department, London Trading Centre. Enquiries: 01 634 4360/5.
Monday May 14, 1990. §Yemen PDR, 10 May 1990: Dinar devalued by approx. 24pc. ♠Nicaragua, 10 May 1990: Cordoba devalued by approx. 60pc against the US Dollar. ♣Morocco, 2 May 1990: Dirham devalued by approx. 10pc.

INTERNATIONAL CAPITAL MARKETS

Amex applies to trade warrants on XMI index

By Deborah Hargreaves

THE American Stock Exchange (Amex) has filed an application with the Securities and Exchange Commission to trade warrants on its XMI stock index in a move to extend its highly successful programme of Nikkei 225 and FT-SE 100 index warrants.

The Amex is also looking to establish information-sharing agreements with the French and German authorities to allow it to trade warrants on indices from those countries. This follows the concern expressed in Tokyo over the exchange's Nikkei warrants in the recent period of market volatility in Japan.

The exchange says it will tread softly in its relationship with the Tokyo Stock Exchange and give it time to complete a study of the reasons for the market's recent collapse before it broaches the idea of listing any more Japanese warrants.

But the warrants traded on the Amex are underwritten by leading brokerage houses and none has approached the exchange about a listing in recent weeks. The Amex trades two issues of put warrants on the FT-SE 100. The new XMI warrants, which could be launched within 6 weeks, will trade alongside the existing options on the 20 blue-chip stock index.

The warrants will be differentiated from the options by their longer expiration terms – they will run over three years – and they will be sold in smaller denominations, making them more attractive to the retail customers.

XMI warrants are already traded in Europe, but this is the first time they would be available on a US exchange.

TSE cool on government futures

LAST week's launch of trading in options on Japanese government bond futures met huge trading volume but also scepticism by dealers, one of whom called the instrument an outmoded financial gadget, Reuter reports from Tokyo.

Dai-Ichi Mutual Life Insurance said: "We are unlikely to use the new instrument. We will anyway keep watching it to see how big it grows."

The Tokyo Stock Exchange launched the instrument in three- and six-month maturities, each with seven strike prices. The trading unit is Y100m. The options are US-style, allowing buyers to exercise them at any time before expiration.

Dealers said the trading consisted mostly of ceremonial orders from themselves and from clients. They acknowledged most orders were from professionals and on a cross-trading basis, meaning few were willing to take risks.

The most actively traded call option was on the September contract with a near-the-money strike price of 94.00 closing at 1.84 on volume of 12,453 contracts. The underlying September futures contract closed at 94.91. Put options on the September contract with a 94.00 strike price finished at 0.71 with 11,268 contracts changing hands. Total volume of both June and September options contracts was Y21,369.6bn, the TSE said.

Quotron launches forex dealing system

A FOREIGN exchange dealing system intended to rival the dominant Reuters system was launched yesterday by Quotron, the Citicorp subsidiary, writes Richard Waters.

The system, known as F/X Trader, is currently being tested in 20 dealing rooms in London and New York and will become available more widely later this year. A split screen allows the user to handle up to six deals on screen simultaneously.

Quotron says it has already received letters of intent to use the system from 350 banks around the world. The move into foreign exchange highlights Quotron's diversification from equity markets, with further moves into fixed income markets scheduled.

FT INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market.

Closing prices on May 14

US DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Austria 9⅝ 93	140	101	101⅜	+0½	+0⅞	9.14
B.F.C.E. 8⅞ 94	175	†96⅞	97¼	0	+1	9.24
B.F.C.E. 9¼ 95	150	†98⅞	99⅜	+0½	+1⅛	9.44
Brit. Tel. Fin. 9⅜ 98	250	†99	99½	+0¼	+0⅝	9.49
Canada 9 96	1000	99⅝	100	+0⅜	+1½	9.07
[illegible]						

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Canada 5⅝ 93	80	96½	96⅝	+0⅛	+0⅞	6.87
Cr.Local France 6¼ 94	300	97⅞	97⅝	+0½	+1⅝	6.52
Denmark 6¼ 95	300	97	97¼	+0¼	+1¼	6.55
Denmark 7 95	400	100¼	100½	+0⅛	+1⅛	6.89
E.I.B. 4⅞ 93	30	94⅛	94⅞	0	+0⅝	6.99
[illegible]						

OTHER STRAIGHTS [illegible]

DEUTSCHE MARK STRAIGHTS [illegible]

SWISS FRANC STRAIGHTS [illegible]

FLOATING RATE NOTES [illegible]

CONVERTIBLE BONDS [illegible]

* No information available—previous day's price
† Only one market maker supplied a price

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier. Floating Rate Notes: [illegible] Convertible Bonds: [illegible]

The prices over the past week were supplied by: [illegible]

INTERNATIONAL CAPITAL MARKETS

Cash bund prices fall on W German election result

By Deborah Hargreaves in London and Karen Zagor in Yew York

THE WEST German bond market suffered a setback yesterday when cash bund prices dropped by as much as 65 pfennigs following Mr Helmut Kohl, the West German Chancellor, losing control of the Bundesrat – upper house – in Sunday's local elections.

As German bond traders take another look at the costs of the unification of Germany, some are beginning to think that last week's rally in prices may have been unfounded.

The yield on 10-year bunds rose to 8.57 per cent yesterday and analysts believe there is little justification for them going below 8.50 per cent.

The prospect of new supply continues to hang over the market and is made even more imminent by a majority for the SPD – socialist party – in the upper house.

Bund traders believe the Government could be forced to issue a new bund each month until the end of the year to fund unification since the SPD will be reluctant to pass significant finance bills.

The SPD is expected to want to slow down the process of unification and its control of the Bundesrat has probably precipitated the need for pan-German elections.

The rise in the producer price index which was released in West Germany yesterday – showing a 0.5 per cent increase for April – was higher than the market's expectations. However, the near-term outlook for inflation is not of as much concern as the long-term inflationary impact of unification.

■ IT WAS a volatile day for UK gilts yesterday as the market was dominated by futures traders with their minds on technical charts.

Analysts were perplexed to explain the market's firmness in the face of unfavourable retail sales and producer price figures.

When the producer price index was released showing a 5.9 per cent increase for April, gilts prices tumbled by about a ¼ of a point, but the market was quick to recover. Market players are still buoyed by Friday's better-than-expected retail price index showing a yearly inflation rate of 9.4 per cent.

However, the bulk of the gilts market is so illiquid that small market moves are exaggerated into large losses or gains – leaving the market prone to bouts of extreme volatility.

■ CANADIAN bonds consolidated yesterday after a week of impressive gains when the market surged by over 50 basis points.

The Canadian market has been buoyed by a feeling that the outlook for inflation was improving and that there was some prospect of an easing in interest rates.

However, the April unemployment figures which were released yesterday, were outside market expectations and made some traders think they had been carried away by last week's rally.

The market is looking to stabilise ahead of Friday's release of the consumer price index for April.

■ US Treasury bonds moved higher yesterday in a market which was encouraged by signs that interest rates had peaked and that the Federal Reserve would not be pressured into tightening monetary policy.

In late trading in New York, the long bond was up $\frac{15}{32}$ point at $101\frac{13}{32}$, yielding 8.58 per cent, after gaining $1\frac{13}{32}$ point on Friday. Gains were less pronounced at the short end of the yield curve, where the two-year issue was up $\frac{1}{32}$ point to yield 8.5 per cent.

The Federal Reserve arranged three-day system repurchase agreements when Fed funds, the rate at which banks lend to each other, were changing hands at 8¼ per cent. The funds ended the day at $8\frac{3}{16}$ per cent.

Although the dollar held steady at midday yesterday in New York, at Y152.45 and DM1.6425, it failed to recover its Friday's losses when it dropped from the Y155 level after the bond market surge.

The latest improvement in bond prices came in the absence of any significant economic news. The release of US business inventories for March, which were unchanged at a seasonally adjusted $794bn, failed to move the market since the figures were in line with market expectations.

The next important economic indicator is April's consumer price index, which is due for release tomorrow.

Analysts expect the index to reflect the moderation of inflation, which was seen in the producer price reports on Friday and triggered the bond and stock market rallies. The consumer price index for April is projected to rise by 0.3 per cent, both on an overall basis and excluding food and energy prices.

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
UK GILTS		10.000	4/93	92-09	+05/32	13.27	13.42	13.38
		10.500	5/99	89-11	+06/32	12.50	12.59	12.59
		9.000	10/08	82-11	-21/32	11.29	11.43	11.52
US TREASURY *		8.875	05/00	101-22	+8/32	8.82	8.86	8.63
		8.500	02/20	101-23	+18/32	8.59	8.84	8.59
JAPAN	No 119	4.800	6/99	87.6672	+0.075	7.02	7.31	7.30
	No 2	5.700	3/07	90.2966	-0.140	6.95	7.06	7.20
GERMANY		7.750	02/00	94.5600	-0.650	8.58	8.50	8.63
FRANCE	BTAN	9.000	02/95	96.5048	-0.178	9.93	9.74	10.02
	OAT	8.500	03/00	93.7400	+0.020	9.49	9.44	9.59
CANADA *		9.750	05/00	90.100	0.000	10.95	11.37	11.43
NETHERLANDS		7.750	01/00	92.5900	-0.580	8.91	8.87	8.93
AUSTRALIA		12.000	7/99	92.1176	-0.341	13.51	13.58	13.35

London closing, *denotes New York closing session
Yields: Local market standard. Prices: US, UK in 32nds., others in decimal
Technical Data/ATLAS Price Sources

Belgium to automate government bond trades

By Tim Dickson in Brussels

THE MARKET in Belgian Government bonds will receive a fillip on Friday when deals in a dozen issues are to be automated for the first time.

Adding bonds to the Computer Assisted Trading System (Cats) of the Brussels Stock Exchange – details of which were announced yesterday – is seen as an important step in Belgium's plan to breathe new life into its financial markets in the run up to 1992.

Despite initial complaints from outside users the view in Brussels is that since its launch at the end of 1988 Cats has improved the transparency and added to the liquidity of the secondary market in equities. The hope is that the same benefits will now flow from adding bonds to the system, and that the development will usefully prepare the ground for the futures market to be set up in Brussels by Belfox next year.

Obli-Cats, as the new service announced yesterday is known, will consist of two types of bond: those that are continuously traded between 9.15 am and 4 pm, and those that are fixed at 12.30 pm – after a pre-opening starting at 9.15 am. The idea is that about 30 of the most liquid bonds, notably those of the state and the Fonds des Routes, will join the continuous market. Deals here will be restricted to minimum amounts of BFr5m.

The fixing market, by contrast, is aimed more at smaller investors and will be regulated by the Fonds des Rentes, a part of the National Bank. All the 100 or so government bonds should ultimately be tradeable in multiples of as little as BFr1,000.

● The Brussels Bourse also chose yesterday to unveil details of Bourse Data Participations (BDP), designed to give subscribers "real time" information on shareholdings in quoted Belgian companies. Law now requires shareholders with a stake of more than 5 per cent to declare themselves both to the company in which they have their investment and to the Belgian Banking Commission.

US Treasuries' rally revives $ sector

By Andrew Freeman

THE DOLLAR sector of the Eurobond market saw active new issuance yesterday, with $1.2bn of paper launched following the strong rallies of US bonds late last week.

Deutsche Bank Capital Markets launched the expected $300m five-year issue for International Finance Corporation as a fixed-price reoffered deal. The bonds were offered at 99.65 with a 9¼ per cent coupon to yield 48 basis points over Treasuries, after price indications of 47 to 49 basis points.

The issue followed an extensive investor road show by the IFC which wanted to establish a liquid benchmark at a spread appropriate to its credit rating. DBCM kept tight control over the syndicate and said European members had found steady interest from the start. An official said the bank had experienced good demand for its own allocation of around $140m. Some co-managers said the pricing looked aggressive and that initial placement was slow, but praised DBCM's handling of the deal. A small rally on the underlying Treasury market helped the issue, and towards the close DBCM was quoting the paper at 99.70 bid. Proceeds were swapped into floating-rate dollars.

The best reception went to a $150m seven-year issue for Japan Development Bank, brought by LTCB International with a 9½ per cent coupon at 101.70 to yield 59 basis points over the equivalent Treasury.

Investors grabbed at what they saw as quality paper despite broad agreement among underwriters that the pricing was in line with other Japanese government-guaranteed borrowings. The bonds were quoted very comfortably inside fees at less 1.40 bid, implying a spread of around 53 basis points. Proceeds were swapped into yen.

Ford Capital also tapped the seven-year maturity range with a $250m issue via Credit Suisse First Boston. The bonds were priced at 101.635 and were re-offered to investors at 100.06 to yield 82 basis points over Treasuries.

Syndicate members said there was limited institutional demand for the paper, but reported steady Swiss retail interest. When the syndicate was broken towards the close of trading, CSFB was quoting the bonds at 99.90 bid.

Later in the day, Nomura brought a $300m five-year issue for SBAB, the Swedish housing finance institution. The bonds were attractively priced to yield 74.4 basis points over Treasuries and Nomura reported a steady early response, quoting the paper around full fees at less 1.85 bid. It was thought that the proceeds were swapped into fixed-rate Kroner.

In Germany, a DM300m floating-rate note for New Zealand was launched by CSFB-Effectenbank to a slow reception. After the recent spate of FRNs, traders reported some indigestion and said the new paper was correctly priced at $\frac{1}{16}$ under three-month Libor. CSFB was quoting the paper at 99.65 bid, a discount outside co-managers' fees and equivalent to full underwriting and listing fees. A DM200m FRN for Okobank launched late in the day by DG Bank had a similarly restrained start.

In Switzerland, despite a quiet primary market, a SFr200m 10-year deal for Caisse Nationale des Telecommunications met strong demand. Crédit Suisse, the lead manager, said it had sold nearly all its paper and the bonds were trading around less 1¼ bid, way inside full fees of 2⅜ per cent.

San Paolo Bank was the lead manager of a successful L 125bn deal for Procter & Gamble, the company's first Eurolire issue. Amid wide European demand, mainly from Switzerland, Austria and the Benelux countries, the bonds were trading at less 1.20 bid, against full fees of 1½ per cent.

● Goldman Sachs is launching a $50m closed-end investment fund, the New Asia Fund Ltd, with the objective of long-term capital growth via equity investment in Asian countries. The investment adviser is Aberdeen Fund Managers.

INTERNATIONAL BONDS

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Coupon %	Price	Maturity	Fees	Book runner
US DOLLARS						
Int. Finance Corp.(a)(h)◆	300	9¼	99.65	1995	25bp	Deutsche Bank Cap. Mkts
Swedish Nat.Housing Fin.(a)◆	300	9½	101½	1995	1⅞/1¼	Nomura Int.
Ford Capital(a)(h)◆	250	9¾	100.06	1997	1⅞/1.725	CSFB
Altus Finance(d)‡◆	200	$\frac{1}{16}$	99.95	2000	10/5bp	Credit Lyonnais
Japan Development Bank(a)◆	150	9½	101.70	1997	1⅞/1¼	LTCB Int.
Cellular Inc.(e)§◆	40	8	100	2000	3¼/1.95	Kidder Peabody Int.
LIRE						
Procter & Gamble(a)◆	125bn	13	101.80	1993	1½/1	San Paolo Bank
D-MARKS						
New Zealand(f)‡◆	300	$-\frac{1}{16}$	100	1997	25/12½bp	CSFB-Effectenbank
Okobank(b)‡◆	200	$+\frac{1}{32}$	100.30	2000	20/10bp	DG Bank
SWISS FRANCS						
Caisse Nat.des Telecomm.(c)◆	200	7¼	101¼	2000	2⅜	Credit Suisse
AUSTRALIAN DOLLARS						
NatWest Australia(g)◆	25	15⅛	101¾	1993	1½/1	NatWest Capital Markets

‡Floating rate notes. §Convertible. ◆Final terms. a) Non-callable. b) $\frac{1}{32}$ over 6-month Libor. Put and call after five years at 100. c) Call after eight years at 102 declining 1% p.a. d) Coupon pays $\frac{1}{16}$ over 6-month Libor. Call at par June 1995 and on coupon dates thereafter. Fixed re-offer price. e) Amount $40m reduced from original amount of $50m. Conversion price $14.95. f) Coupon pays $\frac{1}{16}$ under 3-month Libor. Call after five years at 100. g) Fungible with A$50m bond launched March 1990. Issue price plus accrued interest. (h) Fixed re-offer price.

Crédit Lyonnais aims for Belgian savings

By Tim Dickson

CREDIT LYONNAIS Belgium, a subsidiary of the leading French banking group, yesterday made an aggressive pitch for a slice of the Belgian savings market with the launch of two new investment products.

Mr Eugene Teysen, managing director of the bank, said that the move was prompted by the "unexpected speed with which the single European market is approaching" and claimed new competition in retail banking could have big macro economic implications for the country.

He explained the recent reduction in the rate of withholding tax on bond and bank interest from 25 to 10 per cent had been a big factor in the Crédit Lyonnais decision. "What this has done is to reduce the fiscal incentive for consumers to stay in traditional passbook accounts, which are exempted from withholding tax. We estimate that the financial industry has been paying about 5.2 per cent, which now only grosses up to around 6 per cent."

Crédit Lyonnais, on the other hand, is offering 9 per cent gross (8.1 per cent net) on deposits of more than BFr200,000. Similarly competitive offers are already available from small banks in Belgium but Mr Teysen says that what makes yesterday's announcement special is the Crédit Lyonnais name and the fact that it has a sizeable distribution network in the country with 30 branches and 80 independent agents.

Crédit Lyonnais says that there is BFr2,200bn tied up in passbook accounts and BFr2,800bn in certificates of deposit. The bank yesterday also announced increases for one-, two-, three- and five-year certificates of deposit which take the rates in each case roughly half a percentage point above typical market levels.

LONDON MARKET STATISTICS

FT-ACTUARIES SHARE INDICES

© The Financial Times Ltd 1990. Compiled by the Financial Times Ltd in conjunction with the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS — Monday May 14 1990

[illegible]

		Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at 25%)	Est. P/E Ratio (Net)	xd adj. 1990 to date	Fri May 11 Index No.	Thu May 10 Index No.	Wed May 9 Index No.	Year ago (approx) Index No.
71	Investment Trusts (67)	1165.16	+1.4	–	3.29	–	10.73	1149.12	1140.71	1139.70	1167.97
91	Overseas Traders (5)	1287.46	+0.3	9.58	7.09	12.79	42.87	1283.42	1283.51	1278.16	1383.25
99	ALL-SHARE INDEX (682)	1090.89	+1.5	–	4.97	–	16.34	1074.94	1066.78	1068.97	1105.75

	Index No.	Day's Change	Day's High (a)	Day's Low (b)	May 11	May 10	May 9	May 8	May 4	Year ago
FT-SE 100 SHARE INDEX‡	2214.5	+38.6	2214.5	2202.0	2175.9	2157.0	2162.7	2182.0	2162.2	2149.9

FIXED INTEREST

	PRICE INDICES	Mon May 14	Day's change %	Fri May 11	xd adj. today	xd adj. 1990 to date
	British Government					
1	Up to 5 years	113.57	+0.02	113.54	–	4.71
2	5-15 years	117.48	-0.12	117.62	–	4.96
3	Over 15 years	121.54	-0.21	121.80	–	4.77
4	Irredeemables	137.53	-0.07	137.62	–	6.12
5	All stocks	118.29	-0.08	118.39	–	4.91
	Index-Linked					
6	Up to 5 years	143.93	+0.11	143.78	–	1.49
7	Over 5 years	135.32	+0.09	135.20	–	1.38
8	All stocks	135.85	+0.09	135.73	–	1.38
9	Debentures & Loans	95.70	+2.03	94.40	0.62	3.92
10	Preference	73.80	+0.17	74.12	0.45	2.52

	AVERAGE GROSS REDEMPTION YIELDS		Mon May 14	Fri May 11	Year ago (approx.)
	British Government				
1	Low Coupons	5 years	11.66	11.62	9.56
2		15 years	11.29	11.18	9.21
3		25 years	11.15	11.05	9.03
4	Medium Coupons	5 years	12.94	12.91	10.64
5		15 years	11.74	11.71	9.65
6		25 years	11.24	11.22	9.22
7	High Coupons	5 years	13.04	13.03	10.76
8		15 years	12.06	12.04	9.87
9		25 years	11.54	11.53	9.40
10	Irredeemables†		11.11	11.10	9.03
	Index-Linked				
11	Inflation rate 5%	Up to 5yrs.	5.34	5.37	3.52
12	Inflation rate 5%	Over 5 yrs.	4.27	4.28	3.58
13	Inflation rate 10%	Up to 5 yrs.	4.22	4.25	2.63
14	Inflation rate 10%	Over 5 yrs.	4.08	4.08	3.42
15	Debs & Loans	5 years	14.95	16.16	12.13
16		15 years	13.80	13.96	11.56
17		25 years	13.43	13.63	11.13
18	Preference†		12.54	12.53	10.19

‡Opening index 2203.9; 9 am 2205.3; 10 am 2204.3; 11 am 2205.9; Noon 2205.6; 1 pm 2210.4; 2 pm 2210.5; 3 pm 2210.0; 4 pm 2209.3; 4.10 pm 2211.5; (a) 4.19pm (b) 8.38am † Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, The Financial Times, Number One, Southwark Bridge, London SE1 9HL, price 15p, by post 35p.

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	21	54	23
Corporations, Dominion and Foreign Bonds	5	2	17
Industrials	592	237	758
Financial and Properties	297	76	363
Oils	37	18	35
Plantations	2	0	8
Mines	30	43	89
Others	107	32	106
Totals	1,091	462	1,399

LONDON RECENT ISSUES

EQUITIES

[illegible]

FIXED INTEREST STOCKS

[illegible]

RIGHTS OFFERS

[illegible]

reorganisation, merger or takeover.

TRADITIONAL OPTIONS

- First Dealings May 8
- Last Dealings May 18
- Last Declarations Aug. 2
- For settlement Aug. 13

For rate indications see end of London Share Service

Calls in Amber Day, Gaelic Res., Tamaris, Holmes Protection, Lloyds Chemists, Tusker Res., Mecca Leis. and Meekatharra.

LONDON TRADED OPTIONS

A STRONG rally in stock index futures led the cash market higher yesterday and exacerbated the squeeze which has built up in London's equity derivative markets.

A powerful rise on Wall Street on Friday gave the UK market an early boost, with the June FT-SE futures contract soon trading back at the 40 point premium which it established last week over the underlying index.

Options-related selling and some liquidation of futures positions by a US house just before Wall Street opened temporarily knocked the market off balance. But a strong start in the US sparked off a further advance and for the rest of the afternoon the futures market led the cash index higher.

Just before the futures market closed the June contract breached 2,250, an important resistance level. Buy-stops were triggered, and, according to one dealer "there was an explosion of interest." Once again, County NatWest were a strong.

The June contract closed at 2,252, up 37 points on the day, having traded a busy 6,217, while September, on 1,054 lots, also attracted attention. June's closing premium over the cash index stood at 40 points, compared with fair value of 25.

Dealers said the squeeze in the futures and cash markets had prevented arbitrageurs from taking advantage of this discrepancy by selling the former and buying the latter. One dealer said the lack of stock made such trades difficult to execute.

In the options market, dealers said there remained a shortage of FT-SE contracts. A total of 17,289 FT-SE lots changed hands. Yesterday's total was divided between 10,326 calls and 6,963 puts, with the May 2,200 call series the busiest.

The latest Quality of Markets report from the London stock market showed that during the first quarter of this year, traded options turnover fell by 7 per cent from the previous quarter, reflecting a slightly larger fall in stockmarket volume.

Option		Calls Jul	Calls Oct	Calls Jan	Puts Jul	Puts Oct	Puts Jan
Allied Lyons (*438)	390	48	65	73	4½	8	10
	420	26	43	55	15	17	20
	460	9½	24	33	43	43	45
ASDA (*101)	90	16	17	21	3	5	6
	100	8	11	16	6	8½	9
	110	4	6½	–	12	15	–
Utd. Biscuits (*329)	300	39	49	57	3½	5½	7
	330	17	27	37	11	15	17
Unilever (*667)	650	44¼	70½	90	12	18	22¼
	700	17½	41¼	–	38¼	43	–
Ultramar (*349)	330	33	45	58	8	11	13
	360	15	27	38	18	23	25

Option		Calls Jun	Calls Sep	Calls Dec	Puts Jun	Puts Sep	Puts Dec
Amstrad (*68)	60	10½	14	16½	1½	3½	4½
	70	4	9	11	54	8	9
Barclays (*537)	500	47	59	73	4	14	15
	550	13	29	43	22	33	34
Blue Circle (*211)	200	16	26	30	3	6½	9
	220	5	13	21	14	17	19

[illegible]

Meetings of bank lenders and customers fail to come up with any conclusions

B&C waits as bankers consider survival plan

By David Owen and Alan Cane

BRITISH & Commonwealth Holdings' principal bank lenders left Barclays' Lombard Street offices yesterday without formulating a firm response to the troubled financial services group's survival plan.

"They have gone away to consider it", a bank spokesman said. The group is expected to reassemble for further consultations in two or three days' time.

It is thought that the future of Mr John Gunn, B&C's chief executive, was also discussed at yesterday's meeting.

The package, produced by SG Warburg – the merchant bank, could require senior lenders to take a £175m or 25 per cent write down on their debt.

In the event of B&C's liquidation, the bank spokesman said, senior lenders expect to lose about 30 per cent of their investment, with other creditors receiving nothing.

Meanwhile, about 220 worried customers of Atlantic Computers, B&C's collapsed computer leasing subsidiary, gathered in London yesterday to hear the administrator John Soden warn that there was no magic wand and that Atlantic's financial difficulties could not be wished away.

Each lease was different, the administrator said, and customers would have to examine their documentation carefully to understand exactly what their liabilities were.

He said they should continue to make leasing payments in the normal way. Where, however, Atlantic had merely been acting as a postbox between lessee and head lessor he would be prepared to allow direct payment to the head lessor if he believed the documentation was in order.

The meeting was organised by the IBM Computer Users' Association and the European Computer Leasing and Trading Association.

More than 90 written questions were submitted in advance covering all aspects of Atlantic's leasing contracts, giving a clear indication of how little the documentation had been understood by data processing managers or corporate finance departments.

The questions ranged from "who holds the title to our leased equipment?" to "can we refuse to make further payments to Atlantic?"

It is now clear that a number of companies, especially smaller ones, may have to make extra or duplicate payments if Atlantic failed to pass the required payment on to the head lessor in the deal.

Mr Michael Moore, IBM CUA chairman said: "There are a lot of embarrassed data processing managers as a result of this affair talking about their jobs being on the line."

Computer Systems Development and CSD (UK), two Atlantic software and support subsidiaries, have been sold as going concerns by the administrators to Redditch-based AT&T Istel.

Securing unsecured trust in a corporate trustee

David Owen on Law Debenture Corp, thrust into the limelight cast by the B&C affair

THE BRITISH & Commonwealth debacle has trained a somewhat unaccustomed spotlight onto the activities of Law Debenture Corporation, the City of London's only independent corporate trustee.

LDC acts as trustee for three series of bonds issued by the stricken financial services group. Earlier this month, however, it appointed Royal Exchange Trust as its attorney to exercise independently the duties of trustee on one of these – the 7¾ per cent convertible unsecured loan stock 2000 (CULS) – fearing a possible conflict of interest.

Corporate trustees are employed to represent the interests of the lenders of a broad range of secured and unsecured corporate and sovereign debt. This generally entails policing the associated trust deed. It usually includes arbitrating the circumstances under which the issue might become immediately due and repayable. Should such circumstances occur, it would normally be empowered to institute proceedings for the winding-up of the borrower.

Associated fees – £5,000 to £10,000 for a secured issue and £2,500 for unsecured debt – are relatively low, however.

With the expansion of the Euromarkets, the bulk of trusteeships are now awarded for Eurobond issues. This type of business has outstripped that available from what one player described as "old-fashioned UK corporate issues" over a 10 to 15-year period.

LDC, which thinks it has "the majority of the market", is active in both these areas. Other leading participants include Bankers Trustee Co, a wholly-owned subsidiary of Bankers Trust, and various Japanese trust companies and insurers.

LDC also acts, in the words of Mr David Norris, trust manager, "for the new breed of securitised issues secured on things like mortgages". Recent annual reports have emphasised the increasing complexity and sophistication of the trustee's role.

A small proportion of its business is with sovereign borrowers. In the group's 1987 report, it noted that it had had "the privilege to be appointed trustee" for the financing for Eurotunnel.

All told, the company is trustee for more than 1,800 debt issues. It is also an authorised investment trust, with investments valued at £98.3m at December 31, 1989.

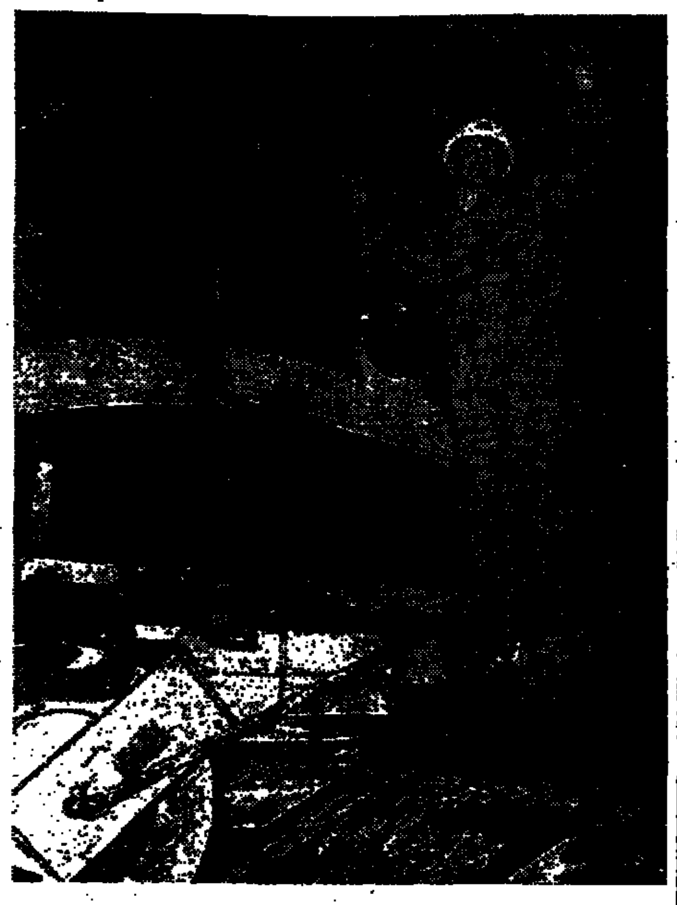
In 1989, the group made pre-tax profits of £4.94m on gross revenue of £8.04m. A total of £3.31m of this overall revenue figure was attributed to "trustee and other fees" – up from just £709,000 in 1980. "Trustee services" contributed £980,000 (after profit sharing costs) to pre-tax profits – an increase of more than 21 per cent from the £807,000 contributed a year earlier.

It was as a financial trust that this exceptionally blue-blooded institution was incorporated in 1889. The list of its founders includes Edward Cazenove, Pascoe Du Pre Grenfell, Walpole Greenwell, Charles & Gerard Hoare, the then Lord Mayor, the Duke of Wellington and no fewer than 12 Members of Parliament. The company was awarded its first overseas trusteeship – for the Kansai Railway Company of Japan – in 1905 and its first Eurobond trusteeship 59 years later.

With regard to B&C, LDC has been in the news since it certified on April 27 that events had occurred that were materially prejudicial to the holders of bonds under its trusteeship, but decided against "presently" calling default.

This stance would apply "so long as current arrangements designed to prevent preferences in favour of banking creditors are adhered to and it remains otherwise satisfied that the interests of its beneficiaries will not be further prejudiced", the company said at the time.

Its decision has incurred the displeasure of some of the CULS holders who believe their interests might be better served by forcing B&C's liquidation, rather than awaiting a proposed survival plan currently being pondered by B&C's principal bank lenders.



A French tunneller at work in the Eurotunnel. LDC was 'privileged' to be appointed trustee to its financing

IMI chief warns of worsening trading

By Jane Fuller

IMI, the Birmingham-based metals group, has warned of a slight worsening of trading conditions affecting some of its UK activities.

At yesterday's annual meeting, Sir Eric Pountain, chairman, said the clouds hanging over the UK and US economies "certainly have not blown away."

This made it difficult to assess prospects, although most of the businesses had continued to advance in the first quarter.

Last year, IMI increased pre-tax profits by 16 per cent to £125.3m on sales of £1.08bn. Its gearing was reduced to little more than 5 per cent and 53 per cent of its sales lay overseas.

Mr John Metcalf, company secretary, said IMI was making a few cautionary noises rather than "doing a GKN."

He was referring to last week's warning from the automotive and engineering group that its profits would be hit this year by the interest rate squeeze and reduced demand in some of its markets. The gloom affecting the UK industrial sector was made a little deeper by news of "belt tightening" at T&N, the vehicle components and materials group.

Mr Metcalf said IMI's building products division, which last year accounted for a fifth of profits, was feeling the effects of the UK housebuilding slump, for example in the market for copper cylinders for water heating systems.

The softening of demand was extending to commercial and industrial construction, and to northern parts of the UK.

In the US, the market had continued to be flat for drink dispensing equipment.

However, Mr Metcalf stressed the group's defensive qualities because of its geographic and product diversification. For instance, sales remained strong in continental Europe and the titanium business was benefiting from continued buoyancy in the aerospace industry.

IMI's share price slipped 3p to 227p yesterday.

S&N set to contest 'incredible' $83m damages award

By John Thornhill

SMITH & NEPHEW, the healthcare and consumer products group, has had $83m (£50m) damages awarded against one of its US subsidiaries for breach of contract and misappropriation of trade secrets concerning materials used in artificial joints.

S&N said yesterday that it would vigorously contest the award but the legal action is continuing and further costs and damages may be awarded against the company.

Although the City knew of the litigation it was surprised at the scale of the damages and S&N's shares, ex-dividend, yesterday fell 3p to 106p.

One anlyst had expected damages of less than £10m but noted that S&N's shares had drifted down from 125p after the company reported a lacklustre set of 12-week results last week.

Mr John Robinson, chief executive, reacted strongly to the news. "The award is quite incredible. It bears no relation to the issues involved and we will pursue all legal action to the ultimate," he said.

The civil action for damages was bought by Polteco, a California-based materials company. The award was made by the Superior Court of the State of California in the county of San Mateo.

The dispute concerns an agreement for the development of advanced technology for orthopaedic implants, such as hip and knee joint replacements.

In 1987, Smith & Nephew Richards, S&N's US subsidiary, signed a $140,000 agreement with Polteco to research and develop a longer-lasting material for use on the surfaces of its implant components.

The following year a dispute arose between the two companies over the extent to which such a material had been developed. S&N claimed yesterday that the requisite standards had not been met and that a licence agreement with Polteco had therefore not been signed.

S&N claimed that it did not use, and had never used, any of Polteco's technology.

Smith & Nephew Richards was formed in 1987 after S&N had expanded in the US market through the acquisition of Richards Medical, an artificial joint manufacturer, for $283.9m (£192m).

Coloroll's rescue package expected this week

By Alice Rawsthorn

COLOROLL, the home products group which is struggling to save itself from receivership, is expected to announce proposals for a financial rescue package later this week.

On Friday, the Coloroll board held a meeting in London to discuss the rescue proposals suggested by Warburg, its merchant bank. The board is usually based at the group's headquarters in Manchester.

Warburg is now doing the rounds of the institutional investors to sound out whether or not they would be prepared to support the proposals. Coloroll is expected to make a statement to the stock market before the end of the week outlining the details of a rescue package.

The group is now trying to cut costs under Mr Kenneth Marks, who took over as chairman when Mr John Aschroft resigned in March.

Earlier this year Coloroll announced that it needed to reduce its debts by finding a fresh injection of capital in a financial restructuring programme. Originally it hoped to raise about £75m in a conventional rights issue to halve its debts and liabilities.

But Coloroll's share price has fallen so sharply – it ended yesterday 1½p higher at 10p – that most analysts are convinced that the institutions would not be prepared to support a rights issue.

One option would be to ask shareholders for a direct injection of capital. It could also ask its bankers for a reduction in its debts or bring in an external investor which would emerge with a substantial stake in the company.

The consensus in the City is that the institutions are divided as to whether or not to support Coloroll. Some are said to be reluctant to pour more money into the group.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corres - ponding dividend	Total for year	Total last year
Holmes & March't ....fin	3.3†	Sept 30	3	-	7.5
Kunick § ....int	0.6†	July 6	0.5	-	1.8
Narborough Plant....int	0.5☆	-	0.5	-	2♥
TMD Advert § ....int	1.8	June 26	1.5	-	5.25
Rockwood § ....fin	nil	-	0.45	0.45	0.75
Walker Greenbank ...fin	1.75	July 2	1.25	2.75	2.25

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. §USM stock. ☆Gross and before Malaysian tax of 35 per cent. ♥Includes bonus of 0.5p.

New profit sharing plan at Bank of Scotland

By David Barchard

BANK OF SCOTLAND is to introduce a new profit sharing scheme for its employees linking their share of profits to the return on shareholders funds.

"This is a unique scheme which we are introducing because the return on proprietors' [shareholders] funds has been consistently very high at 17 per cent for the past three years," Mr Hugh Young, company secretary, said yesterday.

Staff will benefit on a sliding scale, with an entitlement of 4 per cent when the return on average proprietors' funds is 17 per cent. This will rise by stages to 6 per cent when the return is 30 per cent or higher.

Mr Young said the scheme would restore the incentive element to staff profit sharing.

The bank is also planning to allow shareholders to opt for dividends in stock rather than cash. The authorised capital will be increased by £12.5m to £466.8m for the stock dividend.

Both proposals will be put to shareholders at an EGM after the annual meeting on June 5.

IN BRIEF

BBA GROUP is expanding its US aviation engineering operations by investing $6m (£3.57m) in a major new aircraft maintenance and modification facility at Fort Worth in Texas.

BROOKS SERVICE Group shareholders were told at the annual meeting by Mr Simon Brooks, chairman, that trading during the first quarter of the current year was continuing satisfactorily. In particular, the retail division was producing an improved performance over last time.

GLAMAR GROUP has changed its name to The Hartstone Group following the passing of a special resolution at the recent EGM. The name change becomes effective from May 16 1990.

HARTLEY BAIRD has paid £841,000 cash for the electric motor manufacturing business of Valeo Climate Control.

IN SHOPS, the space management group, has extended its expansion into serviced office accommodation with the acquisition of Harbour Business Centres. Harbour operates centres in Sheffield and Bristol.

NARBOROUGH PLANTATIONS: profit before tax for six months to December 31 1989 was £201,000 (£302,000); earnings per share 1.51p (2.26p); interim dividend same at 0.5p gross and before Malaysian tax of 35 per cent.

UK COMPANY NEWS

Two marketing services companies avoid the sector's downturn

Holmes & Marchant rises to £3.6m

By Alice Rawsthorn

HOLMES & MARCHANT, the design and sales promotion group, has emerged unscathed from the downturn in the marketing services sector by increasing pre-tax profits by 14 per cent to £3.64m in the six months to March 31.

Mr John Holmes, chairman and chief executive, said most areas of activity had not been affected by the downturn. The only exception, he said, was sales promotion where the pattern of trading had been "rather volatile".

Turnover was up just 3 per cent to £30.7m (£29.71m) reflecting Holmes' policy of concentrating on consultancy work, rather than on ad hoc projects. Operating profits advanced to £4.2m (£3.56m).

The design division, which is the biggest single area of activity accounting for 50 per cent of turnover, achieved a 20 per cent increase in profits.

Holmes has sold its small interior design company – which specialised in retail design, one of the weakest areas of the design market – to the management. Mr Holmes said the packaging and corporate design consultancies had performed well.

Similarly the advertising and public relations businesses had been unaffected by general cuts in marketing budgets. Holmes' advertising agency specialises in food retailing, where expenditure has remained relatively resilient.

The sales promotion side represents 25 per cent of turnover. Mr Holmes said the market had become more competitive and, although short-term projects were going ahead as usual, clients were more cautious about sanctioning longer-term programmes.

Holmes paid £554,000 (£359,000) in interest on borrowings, which now stand at £10m. The main reason for the rise in debt is that the group now makes most of its earn-outs, or deferred payments on acquisitions, in cash rather than shares. Holmes has paid £5.4m in earn-outs this year and expects to pay another £6m over the next three years.

Earnings per share rose to 13.7p (12.7p) and the interim dividend is lifted to 3.3p (3p). Holmes' share price rose 9p to 173p on yesterday's announcement.

TMD bucks trend with 58% improvement

TMD ADVERTISING, the largest independent media-buying business in the UK, yesterday dispelled some of the gloom that has descended on the marketing services sector by announcing a 58 per cent increase in pre-tax profits from £1.1m to £1.74m in its first half to February 28 1990, writes Alice Rawsthorn.

In recent months the mood of the advertising industry has become increasingly gloomy as the combination of high interest rates and the slowdown in consumer spending has forced companies to prune their marketing budgets.

Some of the publicly quoted advertising agencies have already announced reductions in profits and, in some cases, losses. USM-quoted TMD – in which Aegis, the European media buying group, holds a 29.9 per cent stake – has managed to increase profits in spite of the sluggish state of the industry.

Nonetheless, its share price yesterday fell by 8p to 280p.

Mr Roger Powley, finance director, said the group had suffered because some of its longstanding clients had reduced budgets or postponed campaigns.

But, he said, it had won enough new business to compensate for the shortfall on existing accounts.

TMD also benefited from the contribution of recent acquisitions, including Harrison Salinson, the specialist outdoor advertising consultancy. However it made a small loss on Michael Jarvis & Partners, a company specialising in international media.

Turnover rose to £94.45m (£66.15m). Earnings per share increased to from 10.4p to 12.5p and the interim dividend is raised to 1.8p (1.5p).

Mr Powley said TMD had continued to win new business since the end of the first half. It has already gained some accounts – including BSN, the French food group, and Givenchy perfumes – as a result of its association with Carat, the French media-buying business owned by Aegis.

TMD was "on course for a good year", he said, although the slowdown in the advertising industry was making the media-buying market more competitive.

Lep expands into East Germany

By Andrew Hill

LEP GROUP is to expand its freight forwarding and distribution business into East Germany through a joint venture between one of its West German subsidiaries and Deutrans, the state-owned transport operation.

Lep-Lassen, will have its head office in Berlin and offices in 17 other East German cities. Lep is to inject DM300,000 (£108,000) cash for a 60 per cent stake with the balance held by Deutrans.

Mr John Leach, Lep's managing director, said that Lassen, the UK group's West German freight forwarding business, would extend its technological expertise and computer network into East Germany.

"We employ about 1,200 people within Lassen at the moment and we look at it really as a way of extending our German operations to 1,600 people overnight, rather than jumping on the East German bandwagon," he said

Lep, which also owns a West German distribution subsidiary, Wohlfarth, already has sales delegations active in other east European countries and the Soviet Union.

Character Hotels sale could raise up to £100m for Mecca

By David Churchill, Leisure Industries Correspondent

MECCA LEISURE announced yesterday it is to sell its 16-strong Character Hotels division as part of its present strategy of disposing of assets to reduce gearing.

Mecca hopes to raise between £70m and £100m from the sale and is confident of achieving a firm price in spite of the glut of hotels at present on offer in the UK.

"They are not just 'bed-factories' but individual hotels reflecting an attractive historical property," said Mr Ian Baker, executive director.

A total of 814 hotel rooms in the UK together with a 100-room hotel in Ostend are included in the package.

Most of the hotels are sited in rural locations on the edge of built-up areas in the Midlands and north west of England.

Mecca is seeking initial offers, through its advisers Samuel Montagu, by June 8 and companies short-listed will be required to submit final offers by June 22.

Mecca last month sold one of its Character Hotels – the 19th century Royal Hotel in Kettering, Northamptonshire – to Perlquito Hotels, the embryonic hotel group being developed by three former Holiday Inn senior executives.

Trade sources suggested that Mecca's Character Hotels now on sale would form an attractive group for a potential buyer because of their location.

British hotels have been changing hands rapidly in recent weeks, suggesting that the market has improved sharply.

Last month Mr John Jarvis, former chief executive of Hilton International hotels, bought the 43-strong Embassy chain from Allied-Lyons for £202m. Vaux Breweries also recently sold six hotels for £16m.

Still in play, however, is believed to be Bass's Crest hotel chain, for which Trusthouse Forte has reportedly been interested.

One potential bidder for the Mecca hotels could be Mr Peter Tyrie, former managing director of the Mandarin Oriental hotel group and now chief executive of Balmoral Hotels. Mr Tyrie and his colleagues last month failed to gain control of Norfolk Capital, which eventually was sold to Queens Moat Houses.

Mecca's need to sell its Character Hotels group follows the disastrous City reaction to its financial results at the beginning of April.

Mecca had failed to reduce its gearing following the £750m acquisition of Pleasurama in late-1988 by selling off assets, although it was successful in combining the Pleasurama management into the Mecca operations.

Mecca's pre-tax profits of £91.1m were way below market forecasts because of the cost of servicing the Pleasurama deal. This led to a substantial downrating of Mecca's shares and a knock-on effect on the leisure sector as a whole.

Coats Viyella disposal

Coats Viyella, the textiles group, has sold the bulk of an engineering subsidiary to management as part of its programme of disposing of non-core activities, writes Jane Fuller.

The management of Hermitage Precision Engineering formed a company called Noblemans to buy the energy equipment and special projects division of Hermitage for £4.4m, of which £3.9m is payable on completion.

The senior debt has been provided by the Bank of Scotland and Lloyds Development Capital is an equity partner.

Trevor Humphries

SMITHKLINE BEECHAM, the Anglo-American pharmaceuticals and consumer goods company formed last July, had got off to a solid start, Mr Bob Bauman, chief executive, told shareholders at the company's first annual meeting in London yesterday, writes Peter Marsh.

Mr Bauman said SB hoped to cut costs and increase margins over the coming year as a result of efficiencies resulting from the combination of the salesforces from the two groups which merged to form the company.

SB resulted from a marriage between SmithKline Beckman of the US and the UK's Beecham to form the world's second biggest drugs company, counting medicines sold both on prescription and over the counter. The combination was one of the first of a series of large mergers in the world's pharmaceuticals sector over the past year.

UK COMPANY NEWS

Bell Fruit acquisition helps Kunick hit jackpot

By David Churchill, Leisure Industries Correspondent

KUNICK, the amusement machines and nursing homes group, announced pre-tax profits of £8.02m for the six months ended March 31, up from £3.34m last time. The driving force behind the outcome was the Bell Fruit amusement business, bought last August for £87m.

Trading profits from the UK amusement machine business, which operates some 42,000 machines, increased from £1.4m to £6m. Mr Russell Smith, chairman, said that the performance had been better than expected and came in spite of difficulties with the introduction of 20p stake machines in January, instead of the 10p maximum stake in operation for the past nine years.

"The increased stake caused a certain amount of player resistance initially and the first machines introduced did not overcome this," he said.

"Subsequent machines have, however, shown very good results and we expect a substantial benefit in profitability building up during the second half of this year with the full effect coming through next year."

About £1m extra profits were likely this year as a result of the higher stakes.

Amiro, the amusement machines business in France, also saw an increase in trading profits, from £750,000 to £1m. The company had a dominant market position and was performing strongly, Mr Smith said. He saw substantial opportunities for development in France.

The nursing homes achieved trading profit of about £1m (£750,000).

Acquisitions helped increase the number of beds offered at the top end of the market from 463 to 740 and more beds will be added in the current half.

Among the company's other activities, the London and York Dungeons reported record daily attendances on Good Friday. The leisure operation will receive a boost in the second half from the opening of a similar operation in Paris next month.

There was an extraordinary charge of £220,000 being the cost of moving from the USM to the full market in March.

Turnover was £50.69m (£25.43m). Earnings per share came out at 2.24p (1.92p) basic or 2.38p (1.90p) fully diluted. The interim dividend is raised from 0.5p to 0.6p.

● COMMENT

Given the present uncertainties in the leisure sector, Kunick's results came as a solid reminder that not all is gloom and doom in this area. The company's novel strategy of using cash generated from amusement machine gambling to finance the expansion of nursing homes for the wealthy has many admirers in the City. Yesterday's figures were as solid as expected, the shares closing 2p higher at 58½p, although with rather more than expected coming from the amusement machine business post the Bell acquisition and less from the nursing homes. In the short term this is no bad thing, given the cash generating nature of the slot-machine operations, and the full impact of the doubling of the stake money earlier this year will clearly be felt in the second half. The drive in the second half will come from further expansion into nursing homes, a move which may push Kunick's gearing above 60 per cent and make some brokers slightly nervous in present market conditions. But with the shares standing on a prospective p/e of about 9.5 on full-year expectations of £21m pre-tax, the defensive nature of the businesses and the quality of their management continues to win support.

Alan Harper

Marks & Spencer yesterday announced a 7 per cent increase in UK store sales in 1989-90, totalling £4.3bn. That translated into volume growth of about 3 per cent, or - after taking into account additional selling space - "like for like" growth of about 1.5 per cent.

Divisionally, foods saw real growth of 2 per cent after price increases of some 5 per cent. Questioned about the series of recent food scares, Lord Rayner, chairman, said that the company had attempt to secure quality right back to the original sourcing of its supplies. "People have got to eat," he pointed out. "If they don't eat beef, they'll probably eat lamb."

On the clothing side, volume rose by some 5 per cent, after price increases of some 3 per cent. The homeware side, however, suffered more significantly from the downturn in consumer spending: after price increases of some 8 per cent, there was a volume decrease of 4 per cent.

Associated Energy incurs £0.68m loss for 14 months

ASSOCIATED Energy Services, where a new management moved in at the beginning of the year, recorded a loss before tax of £675,000 for the 14 months to November 30 1989.

In the previous 12 months this USM-quoted company with interests in building and environmental services and catering equipment reported a loss of £147,000.

The company also announced the purchase of TG Catering Systems.

In the period Howlett Group Services was in loss but was now returning to profits, the company said. Howlett Hygiene Services, the other building and environmental company, was trading profitably.

Directors said the company was cash positive and was looking for acquisitions in cellular communications and property-based leisure activities.

Turnover was £2.84m (£2.55m) and the loss per share came out at 9.46p (1.63p). There was an extraordinary charge of £822,000 (£148,000 credit) relating to the disposal of Candynote, acquired towards the end of 1988.

Home Counties

Home Counties Newspapers has acquired Southern Converters, a maker and printer of customised envelopes, for an initial £3.61m cash and a deferred profit-related payment to a maximum of £2.43m.

Polly Peck raises £142m in sale and leaseback deal

By Andrew Bolger

POLLY PECK International, the electronics and fresh produce group, has raised £142m in a sale and leaseback deal with a consortium of Norwegian companies involving nine refrigerated cargo vessels.

Polly Peck acquired rights to the vessels last year as part of its purchase of the Del Monte fresh fruit operation, bought for £557m from RJR Nabisco, the US tobacco and food group.

Mr David Fawcus, finance director, said the deal would reduce Polly Peck's gearing from 95 per cent at the end of 1989 to about 75 per cent.

Polly Peck will sell the vessels for cash to a consortium of companies led by Kvaerner, Hafslund Nycomed and an investment group put together by Norse Partners.

Payment for six ships will be on completion, to take place by June 30. The remaining three will be paid for on delivery.

Del Monte Fresh Produce, Polly Peck's wholly-owned subsidiary, will charter the nine vessels back for 10 years.

T&N offer extended

T&N, the engineering components group, has extended its tender offer for JP Industries, from May 14 until June 28. This is to allow the companies to prepare information requested by the Federal Trade Commission under the Hart-Scott-Rodino Antitrust Improvements Act.

NatWest purchase

National Westminster Bank has completed the purchase of Rabobank Nederland's 40 per cent holding in Van Lanschot's Beleggings Compagnie. This takes NatWest's stake to about 80 per cent.

Nesco closures to cut losses

By Andrew Hill

NESCO Investments, the computer software and Nigerian electricity group, is taking drastic action to cut losses by closing computer subsidiaries in France and the Netherlands.

The company said it would require "substantial further investment" to bring them back to a satisfactory level of profits. Nesco is also making arrangements to sell one of its original businesses, a Leicestershire motor dealership, "in the near future".

However, the company confirmed that its other operations – the UK computer systems supplier DCS Group, and its Danish subsidiary, and Nesco Nigeria, an electricity supplier – were producing record profits. In the 15 months to June 30 last year, Nesco lost £284,000, (£211,000 profit) and passed its final dividend.

In the six months to end-December the group's losses had increased to £234,000 before tax, pushed up by a combined loss of £282,000 from the French and Dutch companies, which were only bought in 1989.

At that stage the group said it hoped they would move into monthly profit before the end of the year.

New trust at EFM

Edinburgh Fund Managers is launching a new £14.4m investment trust via a private placing. EFM Java Trust will specialise in investment in Indonesia, with the aim of long-term capital growth. The initial capital is being raised via a placing of 30m shares at 50p each.

SI launches £2.3m rights

By Vanessa Houlder

SI Group, the engineering company controlled by the Abdullah brothers, has announced a £2.28m rights issue and the acquisition of two companies involved in the construction industry.

It also announced a loss of £1.2m in 1989, compared with £900,000 in 1988, giving a loss per share of 4.1p.

Turnover fell from £6.3m to £5.1m.

It is buying Phennicus, which markets heavy plant and machinery and provides consultancy services to the construction industry for £1.8m and Stamford Lime, which operates a limestone quarry, for £1.2m.

The company is issuing new shares on a 3-for-11 basis at 12.5p each.

UK COMPANY NEWS

Through a Waterford crystal glass darkly

Kieran Cooke looks into the future of the embattled Irish luxury goods company

WATERFORD CRYSTAL is to the Republic of Ireland what Rolls-Royce is to the UK or Gucci to Italy.

It is the quintessential Irish gift: when President Mikhail Gorbachev made a short visit to Ireland he left with a 14-inch oval Waterford crystal bowl under his arm.

Visitors to this June's EC summit in Dublin will doubtless receive similar, if more modest, presentations. But there are now suggestions that the crystal maker may be moving its operations out of Ireland.

For the first time in the company's 40-year history, its factories in Waterford, 100 miles south of Dublin, have been closed by an all-out strike. "We are in a downward spiral, from which there may be no return," warned management in a recent letter to the workforce.

Indeed the management has hinted that if the dispute, which has just entered its seventh week, is not settled soon, production might be moved to eastern Europe, possibly to either Czechoslovakia or Poland.

If that happened it would be a body blow to Irish national honour.

Mr Charles Haughey, the Irish Prime Minister, recently described Waterford crystal "*as one of the finest products made by man anywhere in the world*".

The immediate cause of the present industrial action was a management decision to withdraw certain bonus payments to a section of piece-rate workers. The management has appealed for talks but say the pay cuts must stay, while the trade union has accused management of breaking agreements and says no talks are possible until the management reinstates the payments.

It is a showdown which both sides agree has been building up for some time.

Waterford is the Irish half of the Waterford Wedgwood group. Waterford bought Wedgwood, the maker of high quality English chinaware, in 1986 for £250m. Since that time the performance of Waterford has been calamitous.

Last year, the crystal division reported pre-tax losses of I£21.3m. In the last three years, losses have reached more than I£60m.

Only continuing healthy profits from Wedgwood have kept Waterford afloat. Investors, meanwhile, have seen the value of their shares fall to about one-quarter of their 1986 level. Group debt, meanwhile, stood at I£125m at the beginning of the year. Management says wage costs must be reduced if Waterford is to have any future in Ireland.

Two months ago a group of US investors led by Mr Tony O'Reilly, chief executive of Heinz, put together an I£80m package to take a 30 per cent stake in the Waterford Wedgwood group. The O'Reilly team included investment bankers Morgan Stanley and some of the US' wealthiest individuals, among them Mrs Ann Getty of the Getty oil family.

At first the O'Reilly move was welcomed: the group's crippling debt was reduced and there was talk of a return to profitability. Mr O'Reilly, *wunderkind* in the marketing field, was portrayed as a white knight, riding in to save a group dangerously close to the financial abyss.

But no more. The union says Mr O'Reilly and his US friends have sparked a confrontation. It says that bad management rather than high wages has caused the present chronic state of Waterford's finances. Striking workers wear badges saying "We can work. They can't manage."

Waterford has a workforce of 2,300 and is still one of Ireland's largest employers. The management, as part of its public relations battle with the unions, has highlighted the wages of more than I£30,000 per year paid to a small group of skilled workers. It says that more than 20 per cent earn between I£22,000 and I£25,000.

In addition, workers have a comprehensive benefits package and a number of other concessions, which include a 30-*minute break for Mass on Holy* days.

Mr Brian Patterson, assistant chief executive at Waterford, says that the union is too strong. "In the good days the company bought itself out of trouble. The union is failing to face the economic facts. If we don't do something, there will be no jobs for anyone."

Mr Patterson says present wage costs make it very difficult for Waterford to compete. He says the company could purchase crystal product of identical or even superior quality in eastern Europe for half the price it costs to manufacture in Waterford.

Mr Walter Cullen, a union leader at Waterford, says the management is composed almost entirely of marketing and finance people who know nothing about the complexities of glass manufacturing.

"Here we are producing this prestige product, yet they are saying that there is better quality elsewhere. That's the sort of mismanagement that has got this company into so much trouble," he says.

Mr Cullen says the media in Ireland, a large slice of it controlled by Mr O'Reilly, has unfairly highlighted workers' wages, while neglecting to mention lavish pay-outs to the management. Irish taxes and other deductions mean that many Waterford workers are taking home less than their colleagues at Wedgwood in England, says Mr Cullen.

The union is *dismissive of* management threats about transferring production outside Ireland. It says skills have been built up at Waterford. Its glass is different: it has a higher lead content and is therefore heavier, can be cut more deeply and has more sparkle.

"Waterford crystal is not just *a brand, it is a special product*," says one skilled worker.

Industrial action by workers outside the factory at Waterford

The present phase of Waterford's troubles began in 1987 when the management, faced with mounting debts after the Wedgwood buy-out and seeking to streamline operations, instituted a redundancy programme.

It planned to cut 750 jobs. In the event more than 1,000 left, including many highly skilled workers. The redundancies cost the company I£50m. Serious production hold-ups followed and losses mounted.

Waterford, heavily dependent on sales in the US market, was also seriously affected by the fall in the value of the dollar against the punt.

Last June the union signed an agreement on cost-cutting measures, which the management says the union has failed to fulfil. The agreement included a three-year freeze on wages: in return workers were promised a share in any future company profits.

Though Waterford products continue to sell well and the company says it has adequate stock, a prolonged strike would make a return to profit impossible, at least in the medium term. The strike is already having serious economic repercussions on the small city of Waterford.

But there is a great deal of animosity between the two sides and an agreement seems a long way off. Glass-making began in Waterford towards the end of the 18th Century. After the last war refugees from Eastern Europe revived the industry in the area.

It would be a sad irony for Ireland if its famed crystal industry was now to return to eastern Europe.

H&C buys Symingtons for £4.5m

By Nikki Tait

Hot on the heels of its £113m purchase of Crossley Builders Merchants from Bowater last Thursday, Harrisons & Crosfield is buying the Symingtons packet soup, gravy and dessert business for £4.5m.

Symingtons, based at Market Harborough, Leicestershire was previously owned by HP Foods, and made sales last year of £6.4m.

UK COMPANY NEWS

MMEC incurs £3.4m loss and passes final dividend

By Jane Fuller

MERCHANT Manufactory Estate Company, the USM-quoted property investment and development company, plunged to a £3.36m pre-tax loss in 1989, a year which saw a complete change of the senior management team.

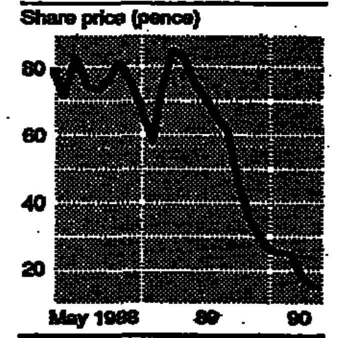
The loss compared with a pre-tax profit in 1988 of more than £3m, restated from the original £4.3m. Mr Simon Southall, chairman since last March, said the most significant factor in this was the new board's review of the profit recorded for the sale of flats at Coxes Lock, a redevelopment of listed mill buildings in Surrey. Sale contracts had been exchanged for some of the flats, but substantial work had remained to be done.

Cost overruns on this development, which took a year longer to complete than anticipated, were one of the main factors in £3.75m of provisions against properties and reorganisation costs. This wiped out the 1989 operating profit of £390,000 on turnover of £5.06m.

Mr Simon Caunt, finance director, said sites had been acquired at the top of the property market more than a year ago. Because of the slump the company was having to make provisions against holding costs or loss of value.

Merchant Manufactory

Share price (pence)



MMEC's year-end debt stood at £20.8m, reduced from £28.9m through property sales, and the net asset value per share fell to 45p from 60p. No final dividend is being paid.

Mr Caunt said the company had a dozen sites, only three of which were being worked on by builders. The portfolio was still weighted towards residential property, but the intention was to move away from that area. All the prospective developments were commercial.

According to Mr Caunt, who joined the company last May, the management changes followed the sale of shares by two of the executive directors, Mr Mark Keegan and Mr Anthony Iremonger, who stepped aside in March last year.

Mr Simon Southall, whose family had purchased shares, replaced Mr Keegan as chairman and by the autumn all four of the executive directors, including Mr Paul de Savary, had gone.

MMEC joined the USM in April 1988. The offer for sale at 98p per share was a flop – two thirds of the shares were left with the underwriters. The highest price the shares have traded at is 86p at the time of joining the market.

Last spring, after the apparent doubling of pre-tax profit in 1988, the price again topped 80p. Yesterday it closed at 15p.

Hogg buys 19 travel agents

By David Churchill, Leisure Industries Correspondent

HOGG ROBINSON yesterday strengthened its position in the retail travel agency market by buying 19 travel agents from Neilson Travel, a subsidiary of Leisure Investments which is at present in administration, for £350,000.

The move gives Hogg a total of 219 retail travel agents throughout the UK.

Mr Brian Perry, Hogg's chairman, said yesterday that the acquisition would strengthen Hogg's retail profile in the north of England where demand for holidays was not as badly affected as in the south.

Trade estimates suggest that the level of demand for continental package holidays this summer is running at a level some 20 per cent below this time last year.

Mr Perry also said that pre-tax profits for the year ended March 31 1990 were likely to be "substantially higher" than those achieved in the previous year.

"The market for holidays has picked up since Christmas and this has led to excellent trading for our travel division in the last quarter of the financial year" he said.

Full results for the last financial year will be announced on June 27.

Walker Greenbank profits more than double after revamp

By Andrew Bolger

WALKER GREENBANK, the former mini-conglomerate, yesterday reported pre-tax profits more than doubled from £3.1m to £7.3m in the year to February 3.

It had decided to concentrate on its wallcoverings businesses and to dispose of non-core activities and surplus properties.

Mr Nicholas Brown, chairman and chief executive, said considerable progress had been made towards this objective, with £26.8m having been raised from the disposal of seven companies. As a result, the group now had a substantially strengthened balance sheet with net cash resources, which would be increased through the sale of further businesses and vacant property.

Earnings per share also more than doubled, from 2.41p to 5.1p. A final dividend of 1.75p makes a total of 2.75p (2.25p). Turnover rose to £127m (£119m).

The group's conglomerate ambitions and rapid acquisition programme were cut short in 1988 when Alkar, a supermarket shelving company, incurred a loss of £6.9m.

Mr Brown said negotiations were continuing over the sale of non-core businesses such as Montan (which includes Alkar), Bloom Signs and the group's healthcare division.

Operating profit of the core wallcoverings and fabrics business increased by 6 per cent to £7.6m, maintaining its 10-year unbroken record of rising profits.

The board wished to expand its wallcoverings businesses both organically and by acquisition. In particular it was looking at the international fabrics market, and was currently negotiating two acquisitions.

Mr Brown, who replaced Sir Anthony Jolliffe as chairman last May, said: "Despite difficult trading conditions the current year has started well and I am confident that with the legacy of the problems I inherited now substantially behind us, the future of the group under its strengthened management team should be both exciting and financially secure."

NEWS DIGEST

Western Selection in the red

THE EFFECTS of the industrial dispute that hit Western Selection in the second half of last year has spilled over into the six months ended March 31 1990.

Exacerbated by higher and volatile raw material costs, particularly copper, and increased interest rates in the Duratube & Wire subsidiary, they led to a group pre-tax loss of £1.39m for the period, against profits of £882,000 for the first half of 1988-89.

Loss per share was 6.13p. Last time earnings were 4.1p and an interim dividend of 1.7p was paid.

Duratube & Wire, which makes telecommunications wire and cable, recorded a loss of £1.42m (profit £700,000).

However, the parent company did not escape, with its profit cut from £182,000 to £30,000.

Glaxo expands with Egyptian acquisition

Glaxo, the UK's largest pharmaceuticals company, is expanding its interests in Egypt through the acquisition of a 51 per cent stake in Advanced Biochemical Industries.

The company did not disclose the cost of the purchase but it is believed to be less than £10m.

ABI, based on the outskirts of Cairo, manufactures, sells and distributes medicines for the Egyptian market and its products account for more than 6 per cent of the pharmaceuticals market.

Three Glaxo executives will join ABI. One will become managing director while the other two will be responsible for technical and financial issues.

Glaxo intends to expand ABI's manufacturing capacity and introduce additional lines.

ABI was set up in the early 1980s under the Egyptian Investment Incentive Law and currently employs 700 people.

Whitbread Invest net assets fall 12%

Net asset value at Whitbread Investment Company fell by nearly 12 per cent over the six months to March 31 1990, resulting in a drop of 3.5 per cent during the year to that date.

At March 31 1989 the value was 605p. It moved up 9 per cent to 661.2p by September 30 but had fallen to 583.6p by end-March 1990.

Earnings for the year to March improved from 10.32p to 11.69p, and the dividend is stepped up to 11.6p (10.2p) with a final of 8.25p.

Gross income totalled £12.32m (£11.05m) and net revenue £7.37m (£6.51m).

Highcroft raises profit and dividend

Highcroft Investment Trust, which holds property and securities, raised its net profit from £417,000 to £469,000 in 1989.

This gave earnings of 8.64p (7.69p). The dividend is stepped up to 3.35p (2.95p) with a final of 1.95p.

Gross income came to £814,000 (£697,000) and pre-tax profit to £692,000 (£612,000).

Dean & Bowes goes Dutch with £5m buy

Dean & Bowes Group, the USM-quoted public house refurbisher, is expanding in the Dutch market through the acquisition of Muschter Beheer Ter Aar for up to £5m.

Muschter, based in Ter Aar, is involved in interior design, refurbishment and contracting. It was formed in 1976 and employs 17 people; and made an adjusted consolidated pre-tax profit of £577,000 last year.

The deal, which needs shareholder approval, involves an initial payment of £3m plus a further stage payment of up to £2m, depending on Muschter's results in 1990 and 1991.

Of the first payment, two-thirds would come from a vendor placing of 1.4m new shares at 148p, and the rest from the issue to the sellers of shares with a value of £930,000, which they would retain.

Rhodium price at record level

By Kenneth Gooding, Mining Correspondent

THE PRICE of rhodium, a platinum group metal used predominantly in automotive catalysts, yesterday reached a record level for the second successive trading day.

The free market price range was $2,315 to $2,365 a troy ounce, $55 higher than Friday's close and $200 up from Monday last week.

Traders suggested that demand for rhodium had now outpaced the market's ability to supply because of teething problems at Rustenburg's new precious metals refinery in Bophuthatswana, South Africa, at the end of last year, which seriously cut expected output.

Before Rustenburg admitted its problems in early December, rhodium had been trading for most of 1989 at between $1,250 and $1,400 an ounce.

According to Johnson Matthey, the biggest rhodium refining and marketing organisation, supply and demand in the western world was evenly balanced last year at about 330,000 ounces following three years of small supply surpluses.

Mr Alan Austin, JM's general manager of platinum marketing, said yesterday that supplies will remain tight for the rest of 1990.

JM estimates that consumption of rhodium in three-way automotive catalysts, employed particularly for reducing pollution from cars with large-capacity engines, increased by 16 per cent to 268,000 ounces last year compared with the overall growth in demand of 9 per cent. Consumption by the chemical and electrical industries (82,00 ounces and 12,000 ounces) remained steady, but high prices caused the glass industry to cut back substantially, from 14,000 to 4,000 ounces.

Platinum supplies boosted as Moscow cashes in stocks

By Kenneth Gooding

PLATINUM SALES to the West from the Soviet Union jumped by 25 per cent from the 1988 level last year and were the highest since 1977 as that country searched for ways of generating additional hard currency, according to Johnson Matthey, the world's biggest platinum refining and marketing group.

"It is inconceivable that this reflected an increase in output from the mines. The platinum must have come from stocks in Russia," said Mr Graham Titcombe, director of precious metals marketing, yesterday.

Western stocks of Soviet metal, mainly held in Switzerland, had been substantially reduced during 1988, he pointed out when launching JM's annual review of the platinum industry.

Mr Titcombe said the Soviet marketing strategy was, as always, "a conundrum." However, present indications were that, after rising to 500,000 troy ounces in 1989, Soviet sales this year would be closer to the 1988 level: 440,000 ounces.

JM's review says the platinum market "paused for breath" last year and the Soviet sales enabled it to be more closely in balance than in 1988 when there was a 400,000 deficit of supply compared with demand.

Supplies last year rose by 115,000 ounces to 3.375m ounces while demand, affected by heavily reduced manufacture of platinum coins and large investment bars, fell by 195,000 ounces to 3.425m ounces. This produced a supply deficit of 90,000 ounces, according to JM's calculations.

Tony Andrews

Samantha Bisby, heavily guarded, models a £300,000 platinum wedding dress at the launch of the Johnson Matthey Review

Supplies from South Africa, which already accounts for about 77 per cent of platinum output, will grow this year as new mines that have just come on stream build up to full capacity. If fully realised, these could add up to another 1m ounces of capacity by 1995.

But Mr Jeremy Coombes, the review's author, points out that "in this technologically demanding field, it is probable that not all the new projects and expansions will reach the expected level of production in the time frame set out."

In any case, JM believes that by the middle of the decade demand from the automotive industry for anti-pollution catalysts will take up most of the new supply from South Africa. Last year autocatalyst demand is estimated to have reached a record 1.45m ounces, up 9 per cent from 1988, and to have accounted for 42 per cent of total demand.

The platinum price fluctuated markedly less last year than in 1988 and ranged between $467 and $555 an ounce to average $509, at which level all the South African mines would have been comfortably in profit. In 1988 the price averaged $530. Last year's comparative price stability discouraged speculative investment but helped boost the metal's industrial use, according to Mr Coombes. Japanese consumers and investors accounted for 1.665m ounces – or 48 per cent of total demand – for platinum last year compared with 1.9m ounces in 1988, so their buying behaviour will determine this year's prices, he pointed out. However, unless there were any major changes in equity markets and exchange rates, the platinum price was likely to fluctuate between $470 and $520 for the rest of 1990.

Ivory Coast tension lifts cocoa

By David Blackwell

SIGNS OF renewed tension in the Ivory Coast boosted cocoa prices in London sharply yesterday.

Troops surrounded the state radio station in Abidjan and demanded higher wages before withdrawing without incident.

The July contract on the London Futures and Options Exchange (Fox) soared at the opening, and by the close was £51 a tonne ahead at £900 – the highest closing level since August last year. Just after midsession New York forward months were limit up.

In addition the market noted bullish remarks made over the weekend in Paris by leading representatives of Philipp Brothers (Phibro) and Sucre et Denrees (Sucden), leading trade houses.

Mr Derek Chambers, head of Phibro's cocoa trading, speaking in debate with Mr Jacques Bachelier, general manager of Sucden, said he expected cocoa prices to rise significantly and perhaps double in 1990-91 as consumption outstripped production. Mr Bachelier agreed.

The two trade houses have been fighting over the market for cocoa from the Ivory Coast, the world's biggest producer, for the past two years. Sucden negotiated a block deal for 400,000 tonnes of 1988-89 Ivorian cocoa; Phibro negotiated a deal for 500,000 tonnes of the 1989-90 crop, but it fell through.

But observers said yesterday the prediction should be viewed with caution. "The fundamentals would have to be awfully strong for that to happen. It (the prediction) is not being embraced as greatly as the Ivory Coast news," said one New York commission house trader.

Toiling on a batsmen's wicket

The dry spring is bad news for bowlers and farmers alike

FARMER'S VIEWPOINT

By David Richardson

MY PREDECESSOR on this page, the late John Cherrington, always deplored high cricket scores in May. His feelings had little to do with his appreciation of the game but said a great deal about the kind of weather that created batsmen's wickets.

Earlier this month there were of course a spate of centuries and I have little doubt that had he still been with us John would have reflected again that the dry weather which made them possible was not good for farmers. For moisture in the month of May is crucial to the ultimate yield of a whole range of crops – especially cereals.

To the uninitiated it might seem that the current unsettled spell had put right any moisture problems there may have been. Furthermore bowlers have begun to make the ball turn and wickets have already begun to fall rather faster.

The fact is however that, welcome as recent rains were, they did little to correct a substantial deficiency of soil moisture which in the East and South of Britain has been building up since the end of 1988.

During that Winter, as the National Rivers Authority and Anglian Water have recently pointed out, rainfall over a wide area of the country was only 60 per cent of normal. Reserves have never been replenished because precipitation since then has been consistently below average – in some areas by 20 per cent to 25 per cent – and the soil moisture deficit has steadily increased.

In farming terms this meant that crops of wheat, barley and oilseed rape planted last Autumn survived through the winter with less moisture than they needed. By early April the estimated moisture deficit under some such crops was put as high as 50 mm of rainfall equivalent or almost 10 per cent of average annual rainfall in many southern and eastern regions.

April showers visually masked the effects of the drought but were insufficient to make up the fundamental deficit which continued to increase. For early spring is the season of fastest growth of cereals and therefore greatest moisture requirement and by the beginning of May the problems of drought stress had become obvious on light land.

In East Anglia some farmers began irrigating crops of Winter-sown wheat and barley. I cannot remember seeing sprinklers on cereals as early as May before. Clearly it was intended to try to salvage something from crops that were in danger of dying on their feet and before the equipment was needed for potatoes and sugar beet. But irrigating relatively low value grain crops is seldom a viable proposition.

Britain is not unique in being short of rain however. Much of Northern Europe has had a similar weather pattern and farmers in several countries are worried at what this will do to crop yields.

Telephone calls over the weekend to farming friends in Holland, Belgium, France and Northern Germany have all revealed the same story. Water tables are down, moisture deficits are up and winter sown cereals are beginning to suffer. Moreover, other problems associated with long, warm, dry spells are also beginning to build up.

In Northern Germany for instance there has been an explosion of aphids on cereal crops. The problem was so bad at the beginning of May that many farmers decided to spray insecticides at least six weeks ahead of the usual date for such treatment. My German friend told me that the insect population had already built up again to potentially damaging levels and that he expected to have to spray a second time this week.

Here in the UK a "red alert" has been issued by boffins at the sugar beet experimental farm at Brooms Barn in Suffolk warning farmers to watch out for a build-up of aphids on their beet crops. It is not normal for such warnings to be made until the second half of June.

Meanwhile it must be conceded that sugar beet crops, most of which were planted early this year, look promising and potentially capable of very high yields – always provided they can be kept free of the virus yellows carried by aphids and get enough moisture from now on. The same could be said of potatoes, which, like sugar beet, have not yet reached peak moisture demand.

Spring-sown cereals, many of which have been adversely affected by dry conditions from the day they were planted in February or March, are not expected to produce good yields. Unlike cereals planted last Autumn, they have not had the time to put down deep roots to suck up subsoil moisture and continuation of below average rainfall will hit them hard.

Recent showers have helped of course, but rainfall reports across most of Britain indicate that some places have so far had only a few millimetres while others got up to 25 or 30 mm.

The accumulated moisture deficit in some arable areas before the rain was between 75 mm and 100 mm. Add to that the fact that transpiration rates – the moisture loss from the soil via the leaves – can be up to 5 mm a day in warm conditions and the admittedly sharp showers and longer periods of precipitation of the last few days are put into perspective.

As one of the experts at Britain's top irrigation consultancy, Levington Agriculture, told me, all that happened last week was that the top soil got wet. The roots of many crops he said were still dry and it would take very much more rain than we had before and during the weekend to correct that fundamental problem.

There was no agronomic reason, he told me, for farmers to stop irrigating their crops as a result of the recent rain. There are already signs, however, that the Water Authorities may impose bans on farm irrigation in some areas to conserve domestic supplies through the Summer.

I have no irrigation plant so have no opinion on the matter. If selective irrigation bans are imposed, however, look out for sparks from those farmers who are set up to water their crops, look out too for high potato prices.

Oil prices rally on signs that surplus is easing

By Steven Butler

WORLD OIL prices rallied strongly yesterday as traders became convinced a surplus of supplies was easing.

Brent oil for July delivery rose by 37½ cents a barrel to close at $18 in European trading. June oil futures at the New York Mercantile Exchange were up 59 cents at $19.54 in midday trading.

Sentiment was bolstered by a report in the Middle East Economic Survey, the Cyprus-based weekly, quoting Ali Khalifa al-Sabah, the Kuwaiti Oil Minister, as saying that Kuwait would cut its oil production to "very near" its quota of 1.5m barrels a day, and that Kuwait's refineries abroad would have to find other suppliers.

Kuwait was one of the last Opec members to make a public declaration that it would comply with the output cuts agreed in Geneva on May 3.

There were also indications that North Sea production would begin to fall sharply from next month as the summer maintenance programmes got fully under way.

The prices rises were greatest in prompt months, causing the premium for forward months to fall sharply. The narrowing of the price differential, however, looked insufficient to cause oil companies to wish to reduce stock holdings.

Still overhanging the market is unsold Iranian crude – up to 50m barrels according to MEES – which could depress prices again should Iran push the oil onto the spot market.

US fight against dairy hormone

By Nancy Dunne in Washington

AMERICAN FARMERS yesterday celebrated International Dairy Day with protests planned in three US cities and in Bonn against the introduction of the dairy hormone, bovine somatatropin (BST).

The National Family Farm Coalition, an organisation representing 40 farm groups in 30 states, said farmers were in Washington to complain to their congressmen about the US proposal to harmonise world health standards through the General Agreement on Tariffs on Trade.

The farmers say the proposed standards would override efforts at the state and national level to regulate or ban products like BST, which is meant to increase milk production. They worry that the rise in dairy output will drive small farmers out of business and claim the hormone has not been adequately tested for possible negative effects on both cows and human beings.

The protests come after an announcement last month by the US Food and Drug Administration that no approval for BST can be rendered for at least a year because of the agency's work load.

The Wisconsin state legislature has banned use of the hormone until July 1991, and Minnesota has approved similar legislation tied to the Wisconsin ban. Similar bills are pending in Massachusetts, New York and Vermont.

In Congress, Senator Patrick Leahy, chairman of the Senate Agriculture Committee, has launched an investigation into the FDA approval process of BST. One of the agency's top scientists allegedly has been fired for questioning the testing methods employed on the hormone.

In Sacramento, the site of one protest, farmers brought their cows to the state capital hung with signs demanding: "No lactation without representation". In LaCrosse, Wisconsin, farmers from Iowa, Minnesota and Wisconsin called a press conference to "educate" consumers about the potential hazards they say the hormone involves

In Washington, Mr Joe Vierra, a California producer, tied the BST controversy in with the 1990 Farm Bill and insisted that "countries have the right to establish their own farm programmes and to demand strict healthy and safety regulations for both domestic and imported products."

Zinc/lead/silver mine joins Peru strike

PERU'S BIGGEST zinc, lead and silver mine, the Cerro de Pasco complex, has joined an indefinite strike launched by workers at the country's state-owned mining company Centromin, a senior company official said yesterday, reports Reuters from Lima.

The official, who asked not to be identified, confirmed that workers at Cerro de Pasco were honouring the strike, in support of demands for better wages.

"About 87 per cent of Centromin's 12,000 workers are striking," he said.

WORLD COMMODITIES PRICES

MARKET REPORT

COPPER prices fell sharply yesterday on the London Metal Exchange following Friday's retreat. Liquidation, follow-through lending (selling cash and buying forward), and cash sales continued in the afternoon in sympathy with Comex. The premium for cash metal over three-month fell to £121 a tonne, compared with £144 on Friday and £192 on Thursday. The gradual easing in premiums, which were mainly related to substantial options related positions, has pushed the market back into the previous chart resistance band of $2,520 to $2,420 a tonne, analysts said. The Centromin strike in Peru had no immediate impact. However, news that the strike had started boosted zinc prices in the afternoon, although cash metal still closed well down. The morning retreat reflected the weaker copper market and some relaxing of recent tightness of LME June supplies, dealers said. Nickel closed sharply down on general liquidation. Three-month metal fell through the recent chart support level around $8,450 a tonne; the market has now returned to a weak chart area, which indicates a decline to around $7,400 a tonne, analysts said.

Compiled from Reuters

London Markets

SPOT MARKETS		
Crude oil (per barrel FOB)		+ or -
Dubai	$16.20-6.30q	+.30
Brent Blend	$17.95-8.05q	+.375
W.T.I. (1 pm est)	$19.60-9.65q	
Oil products (NWE prompt delivery per tonne CIF)		+ or -
Premium Gasoline	$224-226	-1
Gas Oil	$156-157	+2
Heavy Fuel Oil	$76-77	
Naphtha	$150-152	+2
Petroleum Argus Estimates		
Other		+ or -
Gold (per troy oz)♣	$369	
Silver (per troy oz)♣	509c	+1.00
Platinum (per troy oz)	$485.75	+6.75
Palladium (per troy oz)	$119.00	+0.75
Aluminium (free market)	$1535	-5.00
Copper (US Producer)	128.5c	
Lead (US Producer)	45c	
Nickel (free market)	400c	-15.0
Tin (Kuala Lumpur market)	17.17r	-0.03
Tin (New York)	304.0c	
Zinc (US Prime Western)	87.25c	
Cattle (live weight)†	111.90p	+3.23
Sheep (dead weight)†	203.75p	+8.65
Pigs (live weight)†	99.54p	+6.15
London daily sugar (raw)	$358.4t	+4.40
London daily sugar (white)	$453.6t	+6.50
Tate and Lyle export price	£326.0	+2.00
Barley (English feed)	£112.0s	
Maize (US No. 3 yellow)	£142.5	
Wheat (US Dark Northern)	£124	
Rubber (Jun)♥	56.00p	
Rubber (Jul)♥	56.50p	
Rubber (KL RSS No 1 May)	230.0m	+1.00
Coconut oil (Philippines)§	$375z	
Palm Oil (Malaysian)§	$297.5x	+2.50
Copra (Philippines)§	$245	+10.0
Soyabeans (US)	£169v	-4.00
Cotton "A" index	85.85c	
Wooltops (64s Super)	547p	

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. q-Jul. t-May/Jun. u-Aug v-May/Aug. w-Apr/May. z-Jun/Jul y-May. †Meat Commission average fatstock prices. * change from a week ago. ♥London physical market. §CIF Rotterdam. ♣ Bullion market close. m-Malaysian cents/kg.

SUGAR – London FOX			($ per tonne)	
Raw	Close	Previous	High/Low	
Aug	333.00	334.20	337.40	330.60
Oct	331.00	332.20	335.00	328.00
Mar	314.00	314.60	316.40	312.80
Aug	311.00	312.60	313.20	311.00
White	Close	Previous	High/Low	
Aug	443.5	446.0	447.0	443.5
Oct	405.5	405.0	408.0	406.0
Mar	392.0	392.5	393.0	392.0

Turnover: Raw 2791 (3349)lots of 50 tonnes. White 333 (935)
Paris- White (FFr per tonne): Aug 2470, Oct 2255, Dec 2240, Mar 2205, May 2195

CRUDE OIL – IPE			$/barrel	
	Latest	Previous	High/Low	
Jul	18.05	17.61	18.05	17.72
Aug	18.12	17.74	18.11	17.84
IPE Index	17.71	17.26		

Turnover: 9347 (4791)

GAS OIL – IPE			$/tonne	
	Latest	Previous	High/Low	
Jun	154.50	152.00	154.25	152.00
Jul	154.00	152.00	154.00	152.75
Aug	158.00	153.50	155.75	154.25
Sep	158.00	156.25	158.00	156.00
Oct	160.00	157.25	160.25	158.25
Nov	162.00	159.25	161.75	160.50
Dec	163.50	160.25	162.75	161.00
Jan	163.50	160.75	163.50	161.25

Turnover 3763 (5973)lots of 100 tonnes

TEA

There were 21,608 packages on offer including 4,800 offshore this week, reports the Tea Brokers' Association. East African teas were 4-8p easier apart from selected mediums and a few dust grades. Coloury Central Africans ruled firm to dearer but plainer types lost several pence. Ceylons were quite well supported. Offshore teas met fair enquiry but prices were irregular and sometimes lower. Quotations: Quality 210p (210p), Medium 127p (137p), Low Medium 90p (93p).

COCOA – London FOX			£/tonne	
	Close	Previous	High/Low	
May	882	836	882	872
Jul	900	849	906	865
Sep	913	866	922	902
Dec	933	887	941	920
Mar	950	904	956	938
May	963	919	965	953
Jul	977	933	982	967

Turnover: 12761 (4600) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price for May 11 1027.5 (1044.05) 10 day average for May 14 1033.34 (1032.36)

COFFEE – London FOX			£/tonne	
	Close	Previous	High/Low	
May	608	619	618	605
Jul	625	634	640	624
Sep	643	652	655	640
Nov	659	667	668	655
Jan	673	677	681	670
Mar	686	691	693	685
May	704	710	709	709

turnover: 5675 (4871) lots of 5 tonnes
ICO indicator prices (US cents per pound) for May 11: Comp. daily 71.17 (73.05). 15 day average 73.22 (73.53)

POTATOES – BFE			£/tonne	
	Close	Previous	High/Low	
Nov	122.0	118.0	121.0	120.5
Apr	175.9	167.0	178.0	170.0

Turnover 157 (275) lots of 40 tonnes.

SOYABEAN MEAL – BFE			£/tonne	
	Close	Previous	High/Low	
Oct	124.50	126.00	125.00	124.50

Turnover 45 (50) lots of 20 tonnes.

FREIGHT FUTURES – BFE			$10/Index point	
	Close	Previous	High/Low	
May	1293	1288	1300	1280
Jun	1203	1217	1219	1205
Jul	1110	1115	1120	1110
Oct	1208	1214	1210	
BFI	1305	1313		

Turnover 89 (247)

GRAINS – BFE			£/tonne	
Wheat	Close	Previous	High/Low	
May	120.95	120.00	121.00	120.35
Jun	121.95	121.10	122.00	121.50
Sep	114.70	114.50	114.70	
Nov	117.75	117.60	117.90	117.70
Mar	124.00	123.85	123.85	123.85
May	126.65	126.70	126.70	
Barley	Close	Previous	High/Low	
May	105.25	105.25	105.75	105.50
Sep	112.55	112.35	112.60	112.50
Nov	116.30		116.50	116.30
Mar	122.65		122.65	

Turnover: Wheat 247 (140). Barley 32 (108).
Turnover lots of 100 tonnes.

PIGS – BFE			(Cash Settlement) p/kg	
	Close	Previous	High/Low	
Jun	126.0	125.5	126.5	125.0

Turnover 53 (39) lots of 3,250 kg

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)

	Close	Previous	High/Low	AM Official	Kerb close	Open interest
Aluminium, 99.7% purity ($ per tonne)						Ring turnover 10,850 tonne
Cash	1539-41	1536-8	1535/1530	1532-4		
3 months	1560-1	1556-7	1563/1556	1554-6	1555-7	45,004 lots
Copper, Grade A (£ per tonne)						Ring turnover 39,025 tonne
Cash	1643-4	1690-5	1695/1640	1690-5		
3 months	1522-3	1548-9	1535/1514	1527-8	1513-4	80,525 lots
Lead (£ per tonne)						Ring turnover 11,450 tonne
Cash	496-7	513-5	496/495	495-6		
3 months	491-1.5	501-2	498/490	490-1	494-5	9,870 lots
Nickel ($ per tonne)						Ring turnover 2,778 tonne
Cash	8375-425	8850-900	8650/8550	8625-50		
3 months	8425-50	8750-75	8575/8300	8675-700	8300-50	7,321 lots
Tin ($ per tonne)						Ring turnover 790 tonne
Cash	6510-20	6520-30	6490	6480-90		
3 months	6615-20	6620-5	6620/6580	6595-605	6605-15	6,489 lots
Zinc, Special High Grade ($ per tonne)						Ring turnover 11,800 tonne
Cash	1812-4	1835-40	1825/1800	1810-5		
3 months	1727-8	1725-7	1733/1708	1715-20	1720-3	17,976 lots

LME Closing £/$ rate: SPOT: 1.6810 3 months: 1.6534 6 months: 1.6258 9 months: 1.6027

LONDON BULLION MARKET

Gold (fine oz)	$ price	£ equivalent
Close	368¾-369¼	219¼-219¾
Opening	367¼-367¾	218½-219
Morning fix	368.30	219.031
Afternoon fix	369.00	219.357
Day's high	369¾-370¼	
Day's low	367¼-367¾	
Coins	$ price	£ equivalent
Mapleleaf	375-380	223-226
Britannia	375-380	223-226
US Eagle	375-380	223-226
Angel	375-380	223-226
Krugerrand	368-371	219-221
New Sov.	86½-88½	51½-53
Old Sov.	86½-88½	51½-53
Noble Plat	491.55-499.35	292.15-296.80
Silver fix	p/fine oz	US cts equiv
Spot	300.15	505.15
3 months	311.55	515.75
6 months	323.15	526.60
12 months	348.10	549.20

TRADED OPTIONS

Aluminium (99.7%)	Calls		Puts	
Strike price $ tonne	July	Sep	July	Sep
1450	113	130	7	19
1550	45	68	37	54
1650	12	30	102	112
Copper (Grade A)	Calls		Puts	
2400	218	159	32	81
2500	150	109	63	128
2600	97	72	108	187
Coffee	Jul	Sep	Jul	Sep
600	37	65	12	24
650	12	39	37	46
700	3	23	78	82
Cocoa	Jul	Sep	Jul	Sep
800	105	125	5	15
850	65	89	15	27
900	35	60	35	48
Brent Crude	Jul	Aug	Jul	Aug
1700				
1750	70		29	
1800	40	55		

New York

GOLD 100 troy oz.; $/troy oz.				
	Close	Previous	High/Low	
May	368.3	368.8	0	0
Jun	369.9	370.5	372.0	369.8
Jul	372.4	372.9	0	0
Aug	374.4	375.2	376.6	374.1
Oct	379.5	380.2	381.1	379.3
Dec	384.3	386.0	386.0	384.0
Jun	398.7	400.2	0	0

PLATINUM 50 troy oz; $/troy oz.				
	Close	Previous	High/Low	
Jul	487.5	483.9	491.5	484.0
Oct	493.5	490.2	497.5	492.0
Jan	500.2	496.5	500.2	497.5

SILVER 5,000 troy oz; cents/troy oz.				
	Close	Previous	High/Low	
May	508.0	504.3	507.0	506.0
Jun	507.0	506.5	0	0
Jul	512.5	510.5	516.0	509.5
Sep	521.0	518.9	524.5	518.5
Dec	534.0	530.6	536.0	530.5
Mar	547.0	542.1	547.0	545.0
May	550.8	550.3	0	0
Jul	559.1	538.6	0	0

HIGH GRADE COPPER 25,000 lbs; cents/lbs				
	Close	Previous	High/Low	
May	124.00	126.05	125.50	122.10
Jun	120.50	122.15	121.00	120.00
Jul	115.00	117.85	117.75	114.00
Aug	110.40	114.00	112.50	112.50
Sep	108.80	111.15	111.20	108.00
Oct	107.35	109.55	108.00	108.00
Nov	105.90	107.90	108.00	108.00
Dec	104.50	106.35	106.25	103.80

CRUDE OIL (Light) 42,000 US galls $/barrel				
	Close	Previous	High/Low	
Jun	19.64	18.85	19.85	19.06
Jul	19.93	19.34	19.91	19.49
Aug	20.04	19.58	20.00	19.70
Sep	20.15	19.78	20.07	19.85
Oct	20.26	19.88	20.19	19.96
Nov	20.20	19.86	20.15	19.91
Dec	20.18	19.84	20.16	19.85
Jan	20.14	19.79	20.07	19.85

HEATING OIL 42,000 US galls, cents/US galls				
	Close	Previous	High/Low	
Jun	5205	5092	5225	5125
Jul	5165	5048	5185	5080
Aug	5240	5129	5265	5165
Dec	5685	5557	5665	5625
Mar	5425	5330	5425	5425

COCOA 10 tonnes;$/tonnes				
	Close	Previous	High/Low	
May	1390	1290	1390	1345
Jul	1405	1301	1410	1364

COFFEE "C" 37,500lbs; cents/lbs				
	Close	Previous	High/Low	
May	89.50	89.40	89.90	88.90
Jul	90.93	91.41	91.70	90.95
Sep	92.89	93.33	93.50	91.75
Dec	95.33	95.50	95.55	94.10
Mar	97.25	97.50	97.70	95.75
May	99.13	99.25	98.00	98.00
Jul	100.75	101.25	0	0
Sep	102.25	103.25	102.50	102.50

SUGAR WORLD "11" 112,000 lbs; cents/lbs				
	Close	Previous	High/Low	
Jul	14.79	14.86	15.05	14.67
Oct	14.77	14.84	14.97	14.65
Mar	14.25	14.28	14.40	14.14
May	14.13	14.16	14.28	14.13
Jul	14.01	13.97	14.03	14.00
Oct	13.85	13.83	13.90	13.85

COTTON 50,000; cents/lbs				
	Close	Previous	High/Low	
Jul	75.10	75.36	75.65	74.97
Oct	71.10	71.35	71.65	70.95
Dec	68.25	68.37	68.70	68.02
Mar	69.10	69.20	69.46	69.05
May	69.65	69.55	69.65	69.50
Jul	69.86	69.45	69.50	0
Oct	64.00	63.75	0	0

ORANGE JUICE 15,000 lbs; cents/lbs				
	Close	Previous	High/Low	
May	197.00	196.70	197.50	196.10
Jul	193.20	194.10	195.80	193.20
Sep	188.25	188.30	189.60	188.25
Nov	182.50	182.40	183.15	182.50
Jan	178.40	178.40	179.00	178.40
Mar	179.25	178.40	0	0
May	179.00	178.10	0	0
Jul	179.00	178.10	0	0

INDICES

REUTERS (Base: September 18 1931 = 100)			
May 14	May 11	mnth ago	yr ago
1919.7	1924.3	1928.9	2010.5

DOW JONES (Base: Dec. 31 1974 = 100)				
	May 11	May 10	mnth ago	yr ago
Spot	135.77	136.50	135.68	138.36
Futures	134.12	134.89	133.76	136.80

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel				
	Close	Previous	High/Low	
May	623/4	632/0	634/4	620/0
Jul	635/6	643/6	648/4	632/0
Aug	641/6	649/6	654/0	636/0
Sep	642/2	650/0	656/0	639/0
Nov	648/0	657/4	662/4	645/0
Jan	658/0	667/4	672/0	655/0
Mar	666/4	677/4	681/0	666/0
May	674/0	687/0	689/0	674/0

SOYABEAN OIL 60,000 lbs; cents/lb				
	Close	Previous	High/Low	
May	24.60	24.53	24.73	24.30
Jul	24.60	24.55	24.75	24.26
Aug	24.45	24.48	24.62	24.18
Sep	24.25	24.30	24.35	23.98
Oct	24.00	24.03	24.10	23.75
Dec	23.75	23.81	23.92	23.47
Jan	23.45	23.65	23.75	23.35
Mar	23.25	23.42	23.45	23.20

SOYABEAN MEAL 100 tons; $/ton				
	Close	Previous	High/Low	
May	179.2	182.7	184.0	179.2
Jul	182.4	186.4	188.0	182.2
Aug	184.5	188.1	189.5	184.0
Sep	186.3	189.8	191.0	185.7
Oct	188.0	191.2	192.5	188.0
Dec	191.7	194.8	196.2	190.5
Jan	193.5	196.5	196.0	192.5
Mar	197.0	199.9	199.0	196.0

MAIZE 5,000 bu min; cents/56lb bushel				
	Close	Previous	High/Low	
May	290/0	287/4	291/0	286/0
Jul	291/0	290/0	291/6	287/4
Sep	283/6	283/6	284/6	282/0
Dec	280/0	280/0	282/0	277/2
Mar	286/2	286/2	288/0	283/4
May	289/0	288/4	290/4	287/4
Jul	291/4	291/0	294/0	290/0

WHEAT 5,000 bu min; cents/60lb-bushel				
	Close	Previous	High/Low	
May	384/4	381/4	384/4	381/0
Jul	344/0	344/0	346/2	342/0
Sep	348/4	350/0	352/2	347/2
Dec	362/4	362/6	364/6	360/2
Mar	368/0	368/4	369/4	365/4
May	357/0	358/0	359/0	357/0

LIVE CATTLE 40,000 lbs; cents/lbs				
	Close	Previous	High/Low	
Jun	73.95	74.07	74.25	73.75
Aug	72.47	72.42	72.55	72.10
Oct	74.77	74.45	74.85	74.30
Dec	75.32	75.00	75.35	74.90
Feb	75.35	75.10	75.45	75.07
Apr	75.75	75.60	75.90	75.55
Jun	73.80	73.90	73.90	73.80

LIVE HOGS 30,000 lb; cents/lbs				
	Close	Previous	High/Low	
Jun	63.50	63.65	64.05	62.85
Jul	62.02	62.20	62.60	61.60
Aug	60.22	60.25	60.50	59.75
Oct	53.70	53.97	54.25	53.60
Dec	53.47	53.50	53.80	53.25
Feb	51.52	51.55	51.75	51.40
Apr	48.00	48.00	48.00	47.80
Jun	51.00	51.00	51.10	51.00

PORK BELLIES 40,000 lbs; cents/lb				
	Close	Previous	High/Low	
May	62.00	64.00	63.85	62.00
Jul	62.82	64.45	64.80	62.52
Aug	60.95	62.05	62.45	60.45
Feb	59.90	60.15	60.50	59.75
Mar	59.50	60.05	59.90	59.50
May	59.95	58.95	0	59.80

Money 2000 is a new information service that brings unrivalled speed, flexibility and accuracy to foreign exchange and money markets. Using the Reuter Integrated Data Network Money 2000 delivers real-time information second by second.

A SYSTEM WITH THE FLEXIBILITY TO MEET YOUR EVERY NEED

Speed isn't the only advantage Money 2000 brings. The whole screen can be arranged to meet your exact requirements.

And the system is flexible enough to let you request pre-formatted displays of information or the individual prices and movements that interest you.

A LOGICAL FORMAT TO DELIVER MORE USABLE DATA

Because Money 2000 delivers data in a logical format it is easy to process, providing many opportunities for analysis. Individual prices are easily retrieved through simple Reuter Identification Codes. We've provided Money 2000 with a six line window of headline news with rapid text recall, and 24 hours of news storage.

CUSTOMISE THE SCREEN FOR THE PRICES YOU WANT

Money 2000 has the capacity to deliver exactly the information you require, in the form you require it. You can create your own lists of instruments, and specify your own automatic limit alerts as well as the size of individual displays.

A SPREADSHEET THAT'S CALCULATED TO MATCH YOUR AMBITIONS

When Money 2000 is used with the Microsoft* Excel real-time spreadsheet you can perform continuous calculations on targets and limits to support your specific trading and investment needs. And naturally, Money 2000 brings all the benefits of Reuters unrivalled contributor base.

So if you need to keep your finger on the pulse of money, Money 2000 is more than the fast answer.

It's also the logical one.

MONEY 2000

YOU WON'T HAVE HANDLED ANYTHING FASTER

*Microsoft and the Microsoft logo is a registered trade mark of Microsoft Corporation

FOR THOSE WITH A NEED TO BE FIRST

REUTERS

LONDON STOCK EXCHANGE

London follows the New York trend

THE SEEMINGLY brightening prospects for the US stock markets dominated the London equity sector yesterday, outweighing any adverse implications of the latest economic data on the British economy.

Spurred on by the success of the Dow Jones Industrial Average in breaking through to new peaks in early trading, London opened the new trading account with its best daily rise since last July, as the FT-SE Index gained nearly 39 points to 2,214.5.

Last night's close restored the Footsie precisely to the level last recorded on April 17; however, in April the Footsie 2,200 area proved the top of an market trading range which subsequently bottomed out around 2,100. The past four weeks have seen equities plunge and then recover by 100 points.

Selective demand from institutions brought substantial rises yesterday in such Wall Street-orientated blue chips as Glaxo, Unilever, BP and Shell. Hanson traded heavily ahead of today's profits statement. But across the full range of the market, turnover was disappointing, with ICI and Legal & General among leading stocks to record trading volume below 1m shares.

London took its opening cue from Friday's powerful advance on Wall Street which had been followed by a firm session in Tokyo. The Footsie Index was 28 points up at its first official calculation, as marketmakers upgraded Friday night's quotations before buyers could make an inroad into the market.

The upturn was quickly consolidated in early trading but checked at mid-morning by the disclosure of data on domestic retail sales and prices; gains of one per cent in both retail sales and producer prices in April appeared to be discouraging news on the anti-inflation front.

However, it was clear that the equity market had only one thought on its mind, and that was the prospect for the new session *on Wall Street*. New York equities hesitated at first but then moved above the existing trading peak just as the London futures market was closing. A final burst of support for the Footsie futures contract, confirming the 40 point premium over the underlying market, sent the Index ahead again to close at the day's best level.

There was little jubilation in the marketplace, however. Seaq trading volume at 375.1m shares was well down on Friday's 510.1m and still wedged below levels regarded as profitable for the London market.

Official statistics from London's International Stock Exchange *confirmed yesterday* that equity volumes were 10 per cent down in the first quarter of the year. Suggestions that more securities firms plan to withdraw from equity marketmaking in London continue to circulate in the City.

Account Dealing Dates

First Dealings*	Option Declarations	Last Dealings	Account Day
Apr 30	May 10	May 11	May 21
May 14	May 24	May 25	Jun 4
May 29	Jun 7	Jun 8	Jun 18

*New time dealings may take place from 9.00 am two business days earlier

FINANCIAL TIMES STOCK INDICES

	May 14	May 11	May 10	May 9	May 8	Year Ago	1990 High	1990 Low	Since Compilation High	Since Compilation Low
Government Secs	76.95	77.05	76.35	76.10	76.24	89.83	84.20 (2/1)	74.13 (30/4)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	86.07	85.93	85.51	85.36	85.18	97.44	92.91 (8/1)	83.80 (30/4)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary Share	1733.5	1708.8	1690.8	1695.6	1710.1	1787.2	1969.3 (3/1)	1653.6 (30/4)	2008.6 (5/9/89)	49.4 (26/6/40)
Gold Mines	224.2	227.7	227.9	226.6	227.0	177.8	378.5 (8/2)	215.5 (3/5)	734.7 (15/2/83)	43.5 (26/10/71)
FT-SE 100 Share	2214.5	2175.9	2157.0	2162.7	2182.0	2149.3	2463.7 (3/1)	2103.4 (30/4)	2463.7 (3/1/90)	986.9 (23/7/84)
Ord. Div. Yield	5.25	5.32	5.37	5.36	5.31	4.39				
Earning Yld %(full)	11.77	11.92	12.04	12.00	11.90	10.74				
P/E Ratio(Net)(*)	10.27	10.13	10.02	10.08	10.14	11.23				
SEAQ Bargains 4.45pm	22,957	25,050	20,474	19,872	21,786	29,784				
Equity Turnover(£m)†	-	876.75	673.61	598.23	655.21	1204.58				
Equity Bargains†	-	24,619	19,608	19,417	20,883	32,488				
Shares Traded (ml)†	-	418.8	353.2	284.4	296.2	446.5				

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold mines 12/9/55, Basis 1000 FT-SE 100 31/12/83. ☆ Nil 10.16

Ordinary Share Index, Hourly changes — Day's High 1733.8 — Day's Low 1722.8

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
1722.8	1725.7	1725.9	1726.4	1727.4	1730.7	1731.1	1730.6	1729.8

FT-SE, Hourly changes — Day's High 2214.5 — Day's Low 2202.0

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
2203.9	2205.3	2204.2	2205.9	2205.6	2210.4	2210.5	2210.0	2209.3

GILT EDGED ACTIVITY

Indices	May 11	May 10
Gilt Edged Bargains	110.1	116.4
5-Day average	108.2	102.6

[illegible]

Reaction to court ruling

CONFIRMATION OF last week's suggestions in London that Smith & Nephew might be forced to pay damages to a California group gave the company's shares another knock.

Some $83m (£49.4m) in damages was awarded yesterday against a US subsidiary of the UK pharmaceutical group in a civil action brought for breach of contract and misappropriation of trade secrets. A ruling *on loss of revenues is due* before the end of the week. Smith & Nephew said it would appeal.

Mr James Dodwell at BZW said: "It will mean £5m extra on interest charges per year in 1992. It would mean gearing rising from 60 per cent to 75 per cent too."

Mr Ian Moore at UBS Phillips & Drew was more cautious on what the court ruling would mean for Smith. "We do not know the whole story," he said. Although the award was higher than expected, it would not affect the current year and Mr Moore was unlikely to adjust his forecasts until the end of the year.

Smith & Nephew fell to 104p at one point in heavy trading. Bargain hunters moved in and the price recovered to 106p ex-*dividend, a decline on the day* of 3 and on the week of 16. Volume was a high 13m shares.

A continued sharp recovery from Mecca Leisure triggered renewed speculation that Rank Organisation might be preparing a bid for the company. Traders spoke of an offer of £1 *a share, valuing the company* at £314m.

Rank Organisation is known to have bid for Mecca at the time of its management buy-out from Grand Metropolitan in the autumn of 1985. Rank was understood to have offered £100m then for the company, which eventually went to the management for £95m. Some traders were sceptical yesterday, however, claiming that the Mecca price was firm because the company had, as announced yesterday, put up *for sale its Character Hotels* chain.

Trading volume in Mecca was a high 4.2m shares and the price recovered 5 to 70p, up from a level of 57p seen earlier this month. The year's peak, touched in January, was 175p.

Polly Peck, the electronics and fresh produce group, rose 5.3 per cent yesterday in busy trading following news that in a sale and lease back deal involving nine of its ships, it had raised $237.8m. Polly Peck closed 21 ahead at 419p ex-dividend after volume of 4.6m. Turnover was lifted by UK institutional buying and some US interest. Income funds were also said to be under weight in stock and had been looking to buy.

The transaction gave Polly Peck a net book profit of $53.8m, according to Mr Peter Jones of Shearson Lehman Hutton. The all-cash deal will allow Polly Peck to reduce its gearing to about 75 per cent from 95 per cent at the end of 1989.

However, analysts said they did not intend to revise their forecasts ahead of the company's annual general meeting on May 22. Mr Jones said he expected an upbeat statement from the chairman, while Mr *Philip Dorgan of Goldman* Sachs thought a potentially bullish announcement on a restructuring of the group's electronic interests was a possibility.

Oil and gas issues were among the market's best performers, helped by positive news on oil production emerging from Opec. It was said that after a meeting between Saudi Arabia, Iraq and Kuwait, the Saudis agreed to reduce output to their quota level of 5.38m b/d and that Kuwait had stopped spot sales of crude.

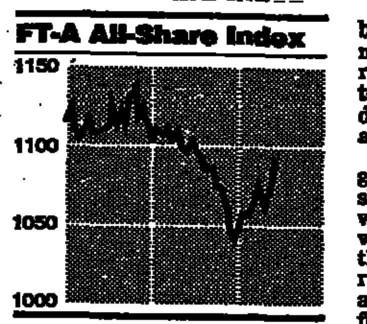
One specialist said: "At long last it looks as if Opec are doing what they promised to do." Another analyst, however, was sceptical: "One should not get carried away by this sort of thing, only time will tell if production is being cut." He *pointed out that crude oil* prices are still below the $18 *a* barrel mark and have averaged between $18.50 to $19 *for* the year to date.

British Gas duly announced the big management shake-up that had been expected by the market and the shares *extended last week's firm* showing to close a net 6 higher at 210p on turnover of 5.5m.

BP, in ex-dividend form, moved up 14½ to 319p, with 5.4m shares traded. Shell picked up 11 to 453p on 3.6m shares ahead of first-quarter figures, scheduled for Thursday along with the group's annual meeting. Specialists said that US brokers had been chasing the majors.

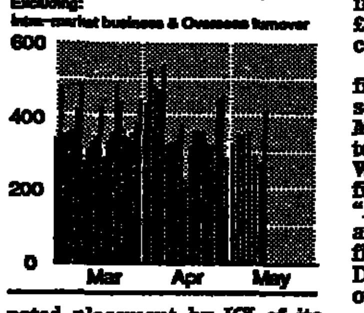
A sharp rise in Enterprise, up 18 to 618p, was interpreted by one observer as possibly *presaging, or preparing the* ground for, the long-anticipated placement by ICI of its near 25 per cent stake in the oil company. Lasmo added 17 at 400p.

FT-A All-Share Index



Equity Shares Traded

Turnover by volume (million) Excluding: Intra-market business & Overseas turnover



Ultramar, shrugging aside worries about possible losses involving Drexel Burnham Lambert, put on 9 to 350p on 2m shares. The company is due to reveal first-quarter figures tomorrow, with BZW looking for net income of £21.6m against £34.6m.

Internationally quoted stocks advanced in response to Wall Street's strong perfor*mance on Friday night. ICI* climbed 20 to 1137p. Glaxo and Reckitt and Colman each added 21 at 823p and 1180p respectively, while SmithKline Beecham put on 10 to 512p. Business was brisk in Glaxo, where 3.8m shares changed hands, and above average in SmithKline with 1.4m.

Hanson continued its return to perky mood with an improvement of 8¾ to 226½p. Traders said weekend news that the company had raised its bid for Newmont Mining's 55 per cent stake in Peabody to $725.6m had boosted the shares. Hanson has 45 per cent of Peabody and analysts have said that a bidding war was on the cards. Hanson reveals interim figures today.

Unilever advanced 20 to 667p on 2.4m following the strong rise on Wall Street last Friday. Analysts said Unilever had been underperforming the US market and was due for a recovery. Its strong first-quarter results, announced on Friday, was the catalyst, they added.

Argyll, the *supermarket* group, gained 2 to 213p as 3.2m shares changed hands. There were signs that some investors were continuing to switch into the stock from leading food retailing issues. Sainsbury added 3 at 257p ahead of its final results due today. According to UBS Phillips & Drew, the market was anticipating earnings of between £410m and £413m net of property profits, compared with £375m last year.

Brewery issues entered the final furlong of the results season race at a gallop. Grand *Metropolitan, with interims* tomorrow, climbed 11 to 591p. Whitbread, which reports final figures on Thursday, saw its "A" shares improve 8 to 392p, and Allied Lyons, which has finals today, rose 9 to 438p. Dealers noted a persistent overseas buyer of Allied.

Cable and Wireless rose 8 to 506p ahead of a forthcoming presentation to Japanese institutions in Tokyo. GEC, rated a chart buy by BZW, put on 6 to 207p on 3.9m. BICC edged up 5 to 415p as the analysts' trip to the group's cables operations in North America continued. STC were strongly supported, adding 8 at 250p. Suspicions that Swiss arbitrageur Dr Tito Tettamanti had been adding to his near 20 per cent stake boosted Unitech 9 to 345p.

The high street banks *improved across a broad front* led by Lloyds, which advanced 10 to 272p on turnover of 1.5m. Midland lagged behind, adding only 3 at 300p on 1.4m. Kleinwort Benson, up 6 at 361p, attracted attention in the merchant banks by announcing it had recently bought in a further 50,000 shares at 356p apiece.

New life and pensions business figures for the first quarter of the calendar year were behind a very strong performance by the life assurance stocks. The Association of British *Insurers said new annual* premiums for individual life and pensions business increased by 5 per cent to £749m, and single premiums by 57 per cent to £1.895bn. Mr Youssef Ziai of UBS Phillips & Drew described the new figures as "very good - better than the market expected," but he cautioned that last year's first-quarter numbers could have been understated.

Legal & General moved up 11 to 368p and Prudential 7 to 209p, while Lloyds Abbey Life put on 8 to 297p. Britannic added 15 at 594p and Refuge 26 at 629p.

An important week for composite insurers saw Commercial Union up 6¼ at 454p. The group reports first-quarter figures on Wednesday which are expected to show a loss in the region of £35m, compared with a profit of £45.1m for the same period last year.

Royal Insurance, reporting first-quarter numbers on Thursday, moved up 9 to 433p. Hoare Govett is looking for a loss of £65m and BZW a loss of £73m, against a profit of £44.7m for last time.

Huddersfield-based glass products group Heywood Williams maintained their strong progress, closing a further 9 higher at a 1990 high of 269p. The market was full of stories that a 3.8 per cent stake in Heywood, rumoured to have been held by Hanson, had been passed on to Pilkington, believed by specialists to be considering a bid for the company. *There were also suggestions* that a stakebuilder in Heywood had been operating for at least a week.

The big building groups shrugged aside the latest quarterly survey, described as deeply pessimistic, issued by the Building Employers Confederation. Taylor Woodrow, ahead of a Hoare Govett seminar to Scottish institutions in Glasgow today, with another to be held in Edinburgh tomorrow, rose 6 to 277p.

Among otherwise quiet television stocks, TVS Entertainments fell 6 to 93p ex-dividend on press reports that the US channel ABC Network had withdrawn the TVS series "Capital News." Industry sources confirmed that although the decision had not been finalised, it was likely to *be confirmed. Ms Bronwen* Maddox, an analyst at Kleinwort Benson, said the decision would "not be good for the morale of the production company but it would considerably help the company's cash flow."

Shares in the chemicals sector followed the market direction. BOC shares moved forward as they made up the dividend payment, closing 13½ up at 519p ex-dividend. Also firm were William Canning and Laporte. The former hardened 5 to 210p, while the latter gained 11 to 517p.

A big volume was noticed in BET, the shares advancing 7 to 230p as turnover reached 1.2m shares.

Gestetner firmed 4 to 234p, helped by a profits upgrading from BZW. The securities *house is now predicting 1990* profits of £54m, up from its previous estimate of £48m, and forecast 1991 profits of £69m, up from £51m. BZW believes the recent acquisition of Nashua Office Systems will slightly dilute earnings per share in 1990, but thereafter enhance the company's earnings.

Confirmation that Eurotunnel plans to make a rights issue to help it cope with cost overruns left the shares 25 lower at 530p. Traders said the shares were particularly vulnerable after tunnelling delays last week in the wake of the death of a construction worker.

A prediction from Hogg Robinson that profits for the year ended March 31 would be "substantially" higher than the previous year pushed the shares 10 better to 125p. Hogg said the good performance was due to excellent trading in thefinal months, particularly in the travel division. Final results are due on June 27.

A cautious statement from the chairman at the company's annual meeting left IMI 3 lower at 227p.

GKN continued to languish after last week's profits warning and closed a penny easier at 359p on turnover of 1.8m shares. BZW are now sellers of the stock and have now joined other securities houses by cutting profits expectations. For the current year, expectations have been cut by £25m to £200m, while the forecast for 1991 now stands at £213m, down from the previous figure *of £235m.*

■ Other Market statistics, including the FT-Actuaries share index, Page 29

NEW HIGHS AND LOWS FOR 1990

NEW HIGHS (45).
BRITISH FUNDS (3) AMERICANS (4) BUILDINGS (1) CHEMICALS (1) STORES (2) ELECTRICALS (8) ENGINEERING (2) FOODS (3) HOTELS (1) INDUSTRIALS (8) AGA, Baynes (Charles), Dover, Huntingdon, Le Creuset, Mosiac Invs., Proudfoot (A), Schlumberger, LEISURE (1) PROPERTY (1) TRANSPORT (3) TRUSTS (8) OVERSEAS TRADERS (1) PLANTATIONS (1).
NEW LOWS (147).
AMERICANS (1) CANADIANS (1) BANKS (1) BREWERS (2) BUILDINGS (8) CHEMICALS (1) STORES (7) ELECTRICALS (12) ENGINEERING (7) FOODS (1) HOTELS (1) INDUSTRIALS (30) ABM, Allied Partnership, Aukett Associates, Beckenham, Bibby (J), Brit. Fittings, Celestion, Clayhithe, Courtney Pope, Cowan de Groot, Dickie Heel, Hampson PL, Handley-Walker, Hay (Norman), Johnston, McLeod Russel, Norton, Novo Inds. "B", Office & Elect., Pacer Systems, Pentland, Record Ridgs., Securicor "A", Smith & Nephew, Spectrum, Southern Business, Sykes-Pickavant, Tams (John), Tinsley (Eliza), Titon, West Inds., Westerly, Wishaw, INSURANCE (1) LEISURE (9) MOTORS (3) NEWSPAPERS (3) PAPERS (7) PROPERTY (6) TEXTILES (4) TRANSPORT (8) TRUSTS (15) OILS (2) OVERSEAS TRADERS (1) MINES (11) THIRD MARKET (5).

TRADING VOLUME IN MAJOR STOCKS

Stock	Volume 000's	Closing Price	Day's change
[illegible]	[illegible]	[illegible]	[illegible]

Based on trading volume for most Alpha securities dealt through the SEAQ system yesterday until 4.30pm.

LONDON SHARE SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1990 High	1990 Low	Stock	Price £	+ or –	Yield Int.	Yield Red.
99⅛	97½	Treas 8¼pc 1987–90‡‡	99⅛xd	.....	8.29	13.18
98⅞	97⅞	Treas. 8pc Cv 1990‡‡	98⅞	.....	8.09	14.04
97⅞	96⅞	Treas. 10pc Cv 1990	97⅞	.....	10.21	14.81
95⅞	93⅛	Exch 2½pc 1990	95⅞xd	.....	2.61	10.68
98⅛	97⅛	Treas 11¼pc 1991	98⅛	.....	11.97	14.67
95⅛	92⅞	Funding 5¾pc '87–91‡‡	95⅛	.....	6.05	11.81
93⅞	89⅞	Treas. 3pc 1991	93⅞	+⅛	3.21	10.10
96⅛	94⅞	Treas 10pc Cv '91‡‡	95⅞	.....	10.44	13.98
97⅛	94⅞	Exch. 11pc 1991	96	.....	11.46	14.08
92⅞	90⅛	Treas. 8pc 1991	91⅞xd	.....	8.70	13.82
101⅛	97⅞	Treas 12¾pc 1992‡‡	98⅛	.....	12.97	13.81
96	92⅛	Treas 10pc 1992	93⅞	–⅛	10.64	13.87
91⅞	89⅛	Treas. 8pc 1992‡‡	90⅛	–⅛	8.83	13.66
97⅞	93⅞	Treas 10½pc Cv 1992‡‡	94½	–⅛	11.11	13.65
85⅛	82⅞	Treas. 3pc 1992	85⅛xd	+⅛	3.53	11.23
100⅛	95⅞	Exch. 12¼pc '92	97⅛	.....	12.61	13.67
104	98⅞	Exch 13½pc 1992	99⅞	.....	13.54	13.54
91½	86⅛	Treas 8½pc 1993	88⅞	.....	9.33	13.32
96⅞	90⅛	Treas 10pc 1993‡‡	92⅞	.....	10.84	13.21
103⅞	96⅛	Treas 12½pc 1993‡‡	97⅞	.....	12.77	13.29
85⅞	82	Funding 6pc 1993‡‡	84⅛	+⅛	7.14	11.98
107⅞	99⅛	Treas 13¾pc 1993‡‡	101⅛xd	–⅛	13.57	13.18
91	84⅛	Treas. 8½pc 1994	86⅞	.....	9.84	13.19
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Five to Fifteen Years

1990 High	1990 Low	Stock	Price £	+ or –	Yield Int.	Yield Red.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Over Fifteen Years

1990 High	1990 Low	Stock	Price £	+ or –	Yield Int.	Yield Red.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Undated

1990 High	1990 Low	Stock	Price £	+ or –	Yield Int.	Yield Red.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

BRITISH FUNDS—Contd

Index-Linked

1990 High	1990 Low	Stock	Price £	+ or –	Yield (1)	Yield (2)
		(b)			(1)	(2)
114⅞	110¼	Tr. 2pc '92‡‡(97.8)	114⅞	+⅛	4.77	6.35
107⅛	103¼	Do. 2'94 (102.9)	107⅛xd	+⅛	6.30	3.93
156⅞	150⅝	Do. 2pc '96(67.9)	156⅛	+⅛	3.84	4.31
131⅛	123½	Do 2½pc '01(78.3)	127⅞	+⅛	4.20	4.49
128⅝	119⅞	Do. 2½pc '03(78.8)	124⅜xd	+⅛	4.22	4.48
131⅞	122	Do. 2pc '06(69.5)	126⅛	+⅛	4.20	4.42
123⅞	113⅛	Do. 2½pc '09(78.8)	117⅞xd	+⅛	4.15	4.34
128⅞	117⅛	Do. 2½pc '11(74.6)	122	+⅛	4.12	4.31
107⅛	97⅞	Do. 2½pc '13(89.2)	101½	+⅛	4.06	4.23
115⅛	105⅞	Do. 2½pc '16(81.6)	109⅞	+⅛	4.01	4.17
119½	102⅛	Do. 2½pc '20(83.0)	106⅞	+⅛	3.95	4.09
95⅛	86⅞	Do. 2½pc '24‡‡(97.7)	89⅞	–⅛	3.87	4.00

Prospective real redemption rate on projected inflation of (1) 10% and (2) 5%. (b) Figures in parentheses show RPI base for indexing, (ie 8 months prior to issue) and have been adjusted to reflect rebasing of RPI to 100 in January 1987. Conversion factor 3.945. RPI for September 1989: 116.6 and for April 1990: 125.1.

INT. BANK AND O'SEAS

1990 High	1990 Low	Stock	Price £	+ or –	Yield Int.	Yield Red.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

CORPORATION LOANS

1990 High	1990 Low	Stock	Price £	+ or –	Yield Int.	Yield Red.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

COMMONWEALTH & AFRICAN LOANS

1990 High	1990 Low	Stock	Price £	+ or –	Yield Int.	Yield Red.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

LOANS

Building Societies

1990 High	1990 Low	Stock	Price £	+ or –	Yield Int.	Yield Red.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Public Board and Ind.

1990 High	1990 Low	Stock	Price £	+ or –	Yield Int.	Yield Red.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FOREIGN BONDS & RAILS

1990 High	1990 Low	Stock	Price £	+ or –	Div %	Red. Yield
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

AMERICANS

1990 High	1990 Low	Stock	Price £	+ or –	Div Gross	C'vr	Y'ld Gr's
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

AMERICANS—Contd

1990 High	1990 Low	Stock	Price £	+ or –	Div Gross	C'vr	Y'ld Gr's
21⅞	14¼	Chase Manhattan $12½	14⅞xd	+⅜	$2.36	–	9.5
19⅛	14	Chem. Banking Corpn.	15⅛	+⅛	$2.72	–	10.7
12½	9⅛	Chrysler $6¼	10⅛xd	+⅛	$1.20	–	7.2
18¼	12⅞	Citicorp $1	14⅞xd	+⅛	$1.78	–	7.5
39¾	31⅝	Colgate-Palmolive $1	36¾	+1⅛	s$1.48	–	2.4
12⅛	8¼	Cont'l Bank Corp $4	891p	+11	$1.00	–	6.7
268p	128p	Corporate Data Scns	205p	.....		–	–
21⅞	18½	Dana Corp. $1	20⅜xd	+⅛	$1.60	–	4.7
768p	510p	Data General	549p	+20		–	–
29½	25⅛	Dun & Bradstreet $1	27	+⅛	$2.00	–	4.5
35⅝	29⅞	Eaton Corpn. 50c	35⅝	+½	$2.00	–	3.4
10⅝	7½	Echlin Inc.	8⅛xd	+⅛	70c	–	5.2
22⅛	18⅛	FPL Group 1c	19⅛xd	+⅛	$2.28	–	7.2
27⅛	21⅞	Fluor Corp 62½c	25⅛	.....	24c	–	0.6
30½	25	Ford Motor $1	27⅞xd	+½	$3.00	–	6.5
41⅝	36⅜	Gen. Elect. 63c	40⅞	+⅜	$1.88	–	2.8
441p	304p	General Host Corp $1	408p	+5	30c	–	4.4
34½	25⅞	Gillette $1	31⅛	+⅛	96c	–	1.8
315p	142p	Gt. American Bank $1	156p	+14	20c	–	7.7
20⅛	16⅞	Greyhound $1½	17⅛	.....	$1.32	–	4.7
12⅛	10⅛	Hasbro Inc 50c	11⅛	+⅛	16c	–	0.9
56⅞	46½	Honeywell $1½	56⅛xd	–⅛	$2.75	–	2.9
21⅞	19⅛	Houston Inds.	19⅞	+⅛	$2.96	–	9.0
67⅝	57⅞	IBM Corpn $1¼	67⅞xd	+⅞	$4.84	–	4.3
50p	25p	Image Storage/R.Sys 1c	25p	.....		–	–
35½	27⅝	Ingersoll-Rand $2	33½xd	+⅛	$1.20	–	2.2
25⅛	19½	Lockheed Crpn. $1	20xd	+⅛	$1.80	–	5.4
11⅛	7⅛	Lone Star Inds $1	7⅞xd	.....	$1.90	–	15.4
28	24⅛	Louisiana Land 15c	27⅛	–⅛	$1.00	–	2.2
22⅞	15⅛	Lowe's 50c	22⅞	+⅛	52c	–	1.4
22⅛	16⅞	Manuf. Hanover $1	20⅞	+⅜	$3.28	–	9.5
16⅛	12⅛	Merrill Lynch $1	14	+1⅛	$1.00	–	4.3
26⅞	21⅞	Molex Inc	23⅞	–⅛	3.2c	–	0.1
27⅛	20	Morgan (JP) $2½	21⅞xd	+⅛	$1.82	–	5.0
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

CANADIANS

1990 High	1990 Low	Stock	Price £	+ or –	Div Gross	C'vr	Y'ld Gr's
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Continued on next page

APPOINTMENTS

Directors of Kleinwort Benson

Mr Ian Peacock and Mr David Wake-Walker, joint heads of the banking division, together with Mr Brian Manning, joint head of the treasury division, have been appointed directors of the KLEINWORT BENSON GROUP. Mr Andrew Caldecott, Mr Michael Hawkes and the Earl of Limerick have retired from the board.

■ Mr Gregory Kipnis has been appointed head of risk management at COUNTY NATWEST SECURITIES and will join the group later this month. He was with Morgan Stanley in New York, responsible for trading and risk *activities in the analytical* proprietary trading department.

■ Mr Keith Smith, a director of Mocatta Commercial, has been elected to the board of the LONDON METAL EXCHANGE.

■ Ms Patricia Collins has been appointed group company secretary of NORMAN HAY. She was assistant company secretary of Matheson & Co *(a Jardine Matheson* subsidiary).

■ P.J. CARROLL & CO has appointed Mr Cecil Hayes as its finance director from June 1. He is currently investment and commercial director of Killeen Holdings. Mr T. Jefferson Cunningham III has resigned.

■ Mr J.R. Henderson will be retiring as chairman and as a director of HENDERSON ADMINISTRATION GROUP at the annual meeting on July 3. He will be succeeded by Mr D.M. Backhouse, another Henderson director.

■ FOSTER WHEELER AUTOMATED WELDING has appointed Mr Jim Wheeler, group chief accountant, divisional operations, as its financial director.

■ Mr David Hughes has become financial director of JOHNSON & HIGGINS and its associate CBC UK where he succeeds Mr Arun Kapur. Mr Hughes was finance *director of White Kerett* Reinsurance Brokers.

■ Mr John Clark, managing director of Butler Buildings, has joined the main board of the MELVILLE GROUP. Butler, a manufacturer of metal building and roofing systems, was acquired by the Melville Group in May last year.

■ Mr Raymond Schofield has been made financial director at JOWETTS, the carton and packaging subsidiary of Watmoughs (Holdings).

■ At LAKE & ELLIOTT INDUSTRIES Mr Peter Garner has become managing director. He will remain chief executive of Paralloy, a subsidiary of Lake & Elliott Industries

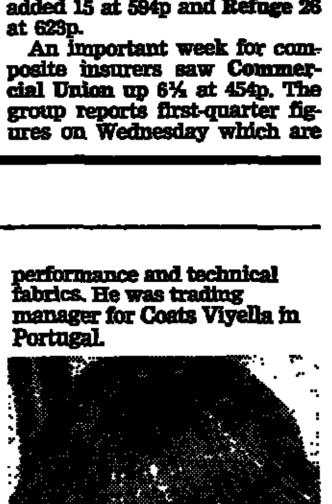
■ Mr David A.J.Burns has been appointed representative for BANCO DE PROGRESO in London. He was head of special finance at Security Pacific National Bank in London.

■ The RATCLIFF GROUP is making the following changes: On June 1 Mr John Lane will become managing director, tail lift division, Ratcliff Group, with overall responsibility for all tail activities worldwide, and Mr Bob Nice, manufacturing director, succeeds him as managing director, Ratcliff Tail Lifts. Mr Simon Stuart has become financial director of Ratcliff Tail Lifts.

■ *At C.H. INDUSTRIALS Mr* James Benson has been appointed group corporate finance director.

■ EUROTHERM INTERNATIONAL has appointed Mr Peter Bradley, taxation manager, additionally as company secretary.

■ CARRINGTON NOVARE, part of the Coats Viyella group, has appointed Mr Mark Lewis as commercial director, responsible for performance and technical fabrics. He was managing director of Lantor UK, part of the Tootal Group. Mr Stuart Pywell becomes export manager for performance and technical fabrics. He was trading manager for Coats Viyella in Portugal.



HERTZ LEASING AND FLEET MANAGEMENT has appointed Ms Marcia Smythe *(above)* as marketing and sales director, and Mr Philip Turner to the new post of business development manager.

■ CAMPBELL FOODS has appointed Mr Jeremy Hobbins as chief executive from May 15. He was president of the dairy foods division of Ault Foods, Canada.

■ SD-SCICON has appointed Mr David Smith as finance director. He was finance director of Norcros.

■ Mr David Robinson has been appointed a director of TRENCHERWOOD COMMERCIAL.

LONDON SHARE SERVICE

BANKS, HP & LEASING

1990 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
303	219	ANZ $A1	232	+6	44c	1.4	8.6	8.3
196	172	Abbey National 10p	192	+4	5.7	4.3	4.0	7.8
*274	210	Allied Irish Ord.	219	+1	Q40%	♦	4.3	♦
£13¼	£11¾	Algemene Fl.10	£12	+¼	Q28%	2.1	7.3	6.4
85	73	Anglo Irish	75	.....	Q18.7%	2.7	5.9	10.2
81	68	Ansbacher (H.) 1p.	70	.....	2.5	1.3	4.8	20.2
£71¼	£54¼	Bancaire Cie Fr100.	£70	–¼	Q12¼%	–	2.0	–
£22¼	£16¾	Banco Bilbao Viz	£18½	.....	Q49.1%	2.7	4.6	12.0
£31	£24½	Banco de Santander	£28½	.....	Q25%	2.4	3.9	10.6
286	224	Bank Ireland IrE1	231	+1	Q23%	3.2	5.0	7.9
£19½	£18	Bank Leumi	£19½	.....	–	–	–	–
350	320	Bank Leumi (U.K.)	345	.....	†13.5	–	5.2	–
125	104	Bank Scotland	118	+2	4.55	q3.6	5.5	6.7
100¼	83¼	Do. 9¼pc Irrd Pf.	89½	+2	9¼%	–	13.7	–
54	39	Bank of Wales	39	.....	2.8	♦	9.6	♦
599	493	Barclays £1	537	+7	27.4	3.5	6.8	5.3
22	14	Benchmark 20p	14	.....	1.63	1.0	15.5	8.0
335	310	Brown Shipley £1	315	+1	†10.5	–	4.4	–
455	361	Cater Allen £1	364	.....	23.5	–	8.6	–
179	137	Chancery	139	+2	†8.0	2.8	7.7	6.1
£23¼	£19¾	Commerzbk DM10	£21½	–⅛	Q18%	–	3.1	–
£13¼	842	Dai Ichi KBk Y50	948	+56	Q16%	8.8	0.3	36.3
£313	£262¼	Deutsche Bk DM50.	£284	–3½	Q28%	–	1.8	–
£20¾	£19	Espirito Santo	£19¾	–¼	Q75c	3.3	2.3	13.3
253	183	First Nat. Fin. 10p	199	+1	13.0	2.4	8.7	6.1
121	96	FNFC 6.3pc Cv. Pf.	100	+2	6.3%	–	8.4	–
£15¼	953	Fuji Bank Y50	£11¼	+¼	Q15.6%	4.2	0.3	–
325	262	Gerrard & National	273	+5	18.5	–	9.0	–
154	138	Guinness Mahon 10p	138	–1	2.1	–	2.0	–
328	223	Hambros 20p	239	+2	†10.0	–	5.6	–
128	93	Do. 7.5pc Cv Pf.	96	–1	7½%	–	10.4	–
53½	43½	HK & Shang. HK$2.50	43½	.....	Q38c	–	6.6	–
470	458	Joseph (Leo) £1	458	.....	15.85	–	4.6	–
145	126	King & Shaxson 20p	131	+4	10.25	♦	10.4	♦
422	340	Kleinwort Benson Grp.	361	+6	16.0	2.5	5.9	9.1
642	402	Kyowa Bank Y50	493	+5	Q14%	4.7	0.6	37.3
307½	242	Lloyds £1	272	+10	13.3	2.6	6.5	6.4
56	44	Lon. Scot. Bank 10p	45	.....	2.4	1.8	7.1	9.4
404	272	Midland £1	300	+3	18.0	2.6	8.0	6.2
£14½	£10	Mitsubishi Bank Y50	£10	.....	Q16%	8.1	0.3	44.6
£12¼	£6	Mitsubishi Tst & Bk Y50	£8	+¼	Q16%	8.2	0.4	32.9
£10¾	£7	Mitsui Bank Y50	£8	+¼	Q16%	6.0	0.4	44.6
904	559	Mitsui Tst & Bk Y50	643	+21	Q16%	7.1	0.5	28.5
326	279	Nat Aust. Bk. A$1	288	+5	Q50c	1.6	7.8	7.9
360	299	NatWest £1	325	+6	16.7	3.3	6.9	5.9
£210	£190	Ottoman Bank	£200	.....	Q110%	2.8	5.8	6.1
55	39	Rea Bros. Group	43	.....	0.5	3.4	1.6	20.6
200	155	Rothschild (J) Hldgs.	170	–2	†9.5	3.6	7.5	4.9
227	149	Royal Bk. Scotland	165	+6	†7.2	3.8	5.8	5.8
795	424	Saitama Bank Y50	545	+22	Q13%	4.7	0.5	45.0
£12¼	806	Sanwa Bank Y50	876	+22	Q16%	8.3	0.4	33.2
902½	712½	Schroders £1	713	.....	h12.5	5.9	2.3	9.6
712½	537½	Do. £1 N/V	538	.....	h12.5	5.9	3.1	7.3
£25¼	£20	Sec. Pacific $10	£23	+⅛	Q$1.96	–	5.0	–
616	463	Standard Chartd. £1	467	+4	35.0	1.4	10.0	(8.7)
£16¼	£8¾	Sumitomo Bank Y50	£10	+¼	Q16%	7.5	0.3	46.9
£11	£6	Sumitomo Tst & Bk Y50	£7	+⅛	Q16%	8.1	0.4	30.6
147	121	TSB	132	+3½	5.8	2.8	5.9	8.5
175	126	TSB Bank Cv'ed Is'l	140	.....	06.7	3.5	4.8	7.0
£11½	£5¾	Tokai Bank Y50	£6¼	+¼	Q16%	4.1	0.5	51.9
920	605	Toyo Tst & Bk Y50	713	+15	Q15.2%	6.9	0.4	34.3
611	532	Union Discount £1	535	+1	33.0	–	8.2	–
525	398	Warburg (S.G.)	408	.....	†12.5	–	4.1	–
180	133	Do 6pc Cnv Prf	135	.....	6%	–	5.9	–
279	231	Westpac $A1	241	+7	Q52.5c	1.5	9.8	6.6
420	378	Wintrust 20p	378	.....	†7.8	–	2.8	–
969	574	Yasuda Tst & Bk. Y50	737	+14	Q17%	9.3	0.5	23.5

Hire Purchase, Leasing, etc.

1990 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
355	173	Anglo Grp. 10p	198	+5	†5.0	4.1	3.4	7.7
£128¼	£76½	Do. 9½pc 1999	£78½	.....	Q9½%	–	12.1	–
175	130	CLF Yeoman 50p	135	.....	Q4%	3.4	7.7	4.2
71	61	Cambridge Grp Ir5p	63	+½	Q7½%	♦	0.5	♦
55	34	Capital Leasing Ir.10p	37	–2	Q3%	3.5	3.0	8.7
68	50	Cattle's (Hldgs) 10p	53	+1	3.58	♦	9.0	♦
408	367	Prov. Financial	384	+2	20.5	2.0	7.1	9.3
235	210	Reflex Invs. Ir5p	210	.....	Q34.6%	6.6	0.8	24.4
225	199	Secure Trust Grp. 1p	212	–2	8.5	2.4	5.3	10.5
210	178	Woodchester IR20p	202	.....	Q16.7%	5.9	1.6	14.3

BEERS, WINES & SPIRITS

1990 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
519	408	Allied-Lyons	438	+11	†15.0	2.4	4.6	10.3
£24¾	£20¾	Anheuser-Busch $1	£23¾	+¼	72c	–	1.6	–
1069	895	Bass	997	+21	28.2	3.1	3.8	11.4
170	131	Boddington	142	+1	5.1	♦	4.8	♦
199	161	Bulmer (H.P.) 5p	161	.....	†6.95	1.4	5.8	15.8
227	201	Burtonwood Brewery	201	–2	3.55	2.5	2.4	22.5
400	295	Clark (Matthew)	295	–3	†13.0	2.8	5.9	8.2
286	169	Devenish (J.A.) 5p	170	.....	4.65	3.1	3.6	10.4
225	120	Do 4.5pc Cv 2ndPf	120	.....	4½%	–	5.0	–
167	123	Eldridge, Pope 'A' 50p	126	+1	4.1	2.3	4.3	11.9
400	350	Fuller, S.T.A.	355	.....	†4.45	4.4	1.7	16.8
658	533	Grand Metrop. 50p	591	+9	17.75	2.5	4.0	11.6
349	295	Greenall Whitley	300	+1	8.7	2.9	3.9	11.2
167	139	Do. 5.95pcCvPf£1	145	+1	5.95%	–	5.5	–
420	314	Greene King	334	+4	†8.7	3.6	3.5	10.2
699	633	Guinness	672	+10	15.3	3.0	3.0	13.1
194	172	Do. 5¾pc Cnv Prf.	190	+2	5.75%	–	4.0	–
£234½	£210½	Do 8¾pcCvLn	£230½	+2	Q8¾%	–	3.6	–
253	202	Highland Dists. 20p	205	.....	†3.85	2.7	2.5	19.7
825	618	Macallan-Glenlivet	623	.....	1.06	6.9	0.2	–
2000	1900	Macdonald Martin 'A'	1990	.....	†s24.0	2.1	1.6	39.0
480	380	Mansfield Brewery	380	.....	†9.5	3.5	3.3	11.4
222	159	Marston Thompson	160	.....	†3.36	3.5	2.8	13.8
405	395	Merrydown Wine	405	+4	†t5.78	3.5	1.9	19.7
405	335	Morland	348	.....	b5.13	4.1	2.0	14.5
361	278	Scott & New 20p	305	+8	†10.83	2.3	4.7	11.9
£57¾	£42¾	Seagram	£48¼	+1	US$1.40	–	1.7	–
329	200	Vaux Group 10p	209	+4	d7.84	2.2	5.0	11.6
428	360	Whitbread 'A'	392	+8	†12.55	2.8	4.3	10.3
79	61	Wiltshire Brewery 5p	62	+1	1.5	–	3.2	–
430	339	Wolv. & Dudley	342	+2	N9.0	3.8	3.5	10.9
495	460	Young Brew 'A' 50p	478	+10	†10.2	1.8	2.9	25.2
415	375	Do. Non. V. 50p	375	.....	†10.2	1.8	3.6	20.1

BUILDING, TIMBER, ROADS

1990 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
504	385	AMEC 50p	390	+2	19.0	q3.8	6.5	5.5
125	95	Do. 6½p Cm Cv Pf	97	+1	6½%	–	9.1	–
130	70	Abbey	87	.....	26.8%	4.1	9.7	3.3
116	85	Allen 5p	86	–2	†4.2	2.8	6.5	6.7
159	122	Amco Corp.	144	.....	–	–	–	–
132	65	Anglia Sec 10p	69	.....	at2.0	0.2	♦	–
155	133	Arncliffe 10p	138	.....	6.75	5.9	6.5	3.4
285	213	Ashtead Group 10p	213	.....	†2.5	8.5	1.6	9.2
468	405	Attwoods 5p	415	.....	†8.0	2.3	2.6	(8.7)
138	121	BMSS 10p	121	+½	4.38	♦	4.8	♦
263	205	BPB Inds. 50p	212	+1	†10.75	2.4	6.8	7.5
144	91	Baggeridge Brick	97	–1	3.13	5.1	4.3	6.1
71	40	Bailey (Ben) 10p	41	–2	a1.9	6.8	6.2	3.2
127	97	Baldwin 10p	102	–1	2.55	4.0	3.3	9.9

BUILDING, TIMBER, ROADS – Contd

CHEMICALS, PLASTICS

DRAPERY AND STORES

ELECTRICALS

ELECTRICALS – Contd

ENGINEERING

ENGINEERING – Contd

FOOD, GROCERIES, ETC

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

INDUSTRIALS (Miscel.) – Contd

INDUSTRIALS (Miscel.) – Contd.

INSURANCES

LEISURE

MOTORS, AIRCRAFT TRADES

Commercial Vehicles

LONDON SHARE SERVICE

● Latest Share Prices are available on FT Cityline. To obtain your free Share Code Booklet ring the FT Cityline help desk on 071-925-2128

MOTORS, AIRCRAFT TRADES — Contd

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING, ADVERTISING

PROPERTY

PROPERTY — Contd

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRANSPORT

TRUSTS, FINANCE, LAND

Investment Trusts

TRUSTS, FINANCE, LAND — Contd

TRUSTS, FINANCE, LAND — Contd

Finance, Land, etc

WATER

OIL AND GAS

OIL AND GAS — Contd

OVERSEAS TRADERS

PLANTATIONS

Rubbers, Palm Oil

Teas

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Diamond and Platinum

Central African

Finance

Australians

Tins

MINES — Contd

Miscellaneous

THIRD MARKET

177	128	Unit Group..........y	177	......	5.0	3.5	3.8	10.1
89	59	Video Magic Leis. 1p y	59	......	W2.0	0.7	4.5	47.3
5¼	3¼	Vista Ents 5p........y	3¼	−¼	–	–	–	–
18	13	Vizcaya Hldgs 5p....y	13	......	–	–	–	–
43½	26½	Whitegate Leisure 20p. y	26½	......	0.25	1.7	1.3	56.7
29	9	Do. Wrrnts..........y	9	......	–	–	–	–
5½	3¼	Wilton Group 1p....y	4	......	–	–	–	♦

NOTES

Stock Exchange dealing classifications are indicated to the right of security names: α Alpha, β Beta, γ Gamma.

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 25 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock"
- * Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ‡‡ Tax-free to non-residents on application
- ♦ Figures or report awaited
- ♥ Not officially UK listed; dealings permitted under rule 535(4)(a)
- ● USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Not officially listed.
- # Price at time of suspension
- ¶ Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress
- ♦ Not comparable
- ♦ Same interim; reduced final and/or reduced earnings indicated
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E usually provided.
- ‖ No par value

B.Fr. Belgian Francs. Fr. French Francs §§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1988-89. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1989. K Dividend and yield based on prospectus or other official estimates for 1990. L Estimated annualised dividend, cover and P/E based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1988. N Dividend and yield based on prospectus or other official estimates for 1989-90. P Figures based on prospectus or other official estimates for 1987. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend total to date. Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xi ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Craig & Rose £1.. y	810	......
Finlay Pkg. 5p.... y	55xd	+3½
Holt (Jos) 25p.... y	1288xd	−3

IRISH

Cap. 8½% Ln. 1991	£98	......
9pc Cap Ln. 1996..	£94	−¼
Fin. 13% 97/02....	£112	......
Arnotts........	391½xd	......
Carrol (P.J.)...... y	152	......
Hall (R. & H.)......	175	......
Helton Hldgs...... y	71	−1
IRG..............	280	......
United Drug.......	165	+2

TRADITIONAL OPTIONS

3-month call rates

Industrials	p
Allied-Lyons	39
Amstrad	5½
Astec (BSR)	5¾
BAT	83
BOC Grp.	45
BTR	36
Barclays	49
Blue Circle	19
Boots	23
Bowaters	38
Brit. Aerospace	42
British Steel	9
Brit. Telecom	25
Cadburys	27
Charter Cons.	48
Comm Union	40
Courtaulds	24
Eurotunnel	60
FKI	7
FNFC	21
Gen Accident	90
GEC	18
Glaxo	56
Grand Met	45
Guardian	19
GKN	33
Hanson	18
Hawker Sidd.	55
ICI	85
Ladbroke	25
Legal & Gen.	34
Lex Service	26
Lloyds Bank	22
Lucas Inds.	52
Marks & Spencer	17
Midland Bk.	27
Nat West Bk.	29
P & O Dfd.	50
Polly Peck	37
Racal Elect.	19
RHM	35
Rank Org Ord.	68
Reed Intnl	33
STC	20
Sears	9½
SmKl. Beecham A.	46
TI	38
TSB	11
Tesco	17
Thorn EMI	61
Trust Houses	22
T&N	17
Unilever	56
Vickers	18
Wellcome	60

Property	
Brit Land	32
Control Secs.	5
Land Securities	44
MEPC	44
Mountleigh	14

Oils	
Aviva Petlm.	5½
Brit Petroleum	28
Burmah Oil	52
Conroy Petlm.	12
Gaelic Res.	4½
Premier	10
Shell	37
Tuskar Res.	10
Ultramar	31

Mines	
Lonrho	20
RTZ	45

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £1,050 per annum for each security.

FT UNIT TRUST INFORMATION SERVICE

● Current Unit Trust Prices are available on FT Cityline. To obtain your free Unit Trust Code Booklet ring the FT Cityline help desk on 071-925-2128

AUTHORISED UNIT TRUSTS

Merlin Jupiter Unit Tst Mgrs Ltd (0905)F
197 Knightsbridge, London SW7 1RB 071-581 3020

	Init Chrge	Bid Price	Offer Price	+ or -	Yield Gr's
American Cap	5	103.9	103.9	110.5	-1.8	0.92
Income	5	87.06	88.01	93.62	-0.11	4.52
Resources & General	5	113.8	114.9	122.2	+1.6	2.64
Special Sits	5	32.08	33.35	35.47	+0.38	3.78
International	5	53.05	53.05	56.43	+0.17	3.06
Ecology	5	57.80	59.08	62.85	+0.49	1.92

† Dealing Day: Wed. *Dealing day: Thurs.

Pearl Unit Trusts Ltd (1000)H
PO Box 500, Thorpe Wood, Peterborough PE3 6SD
Dealing: 0800 626577 Enquiries: 0733 67767

	Init Chrge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
Growth	5	108.5	110.9	116.7	+1.1	3.63
(Accum Units)	5	178.3	182.2	191.7	+1.8	3.63
Income	6	166.6	169.9	180.7	+2.4	4.81
Equity	6	170.4	173.4	184.4	+2.4	3.38
(Accum Units)	6	321.3	327.1	347.9	+4.6	3.38
Intl Equity	6	176.4	178.6	189.9	+1.7	2.01
(Accum Units)	6	185.4	187.7	199.6	+1.7	2.01
UK Income	6	45.73	46.48	49.44	+0.62	4.87
UK Intl 25	6	46.66	47.27	50.28	+0.50	3.00

GUIDE TO UNIT TRUST PRICING

INITIAL CHARGES
These represent the marketing, administrative and other costs which have to be paid by new purchasers. These charges are included in the price when the customer buys units.

OFFER PRICE
The price at which units may be bought.

BID PRICE
The price at which units may be sold.

CANCELLATION PRICE
The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, unit trust managers quote a much narrower spread. As a result, the bid price is often set well above the minimum permissible price which is called the cancellation price in the table. However the bid price might be moved to the cancellation price in circumstances in which there is a large excess of sellers of units over buyers.

TIME
The time shown alongside the fund manager's name is the time at which the unit trusts' daily dealing prices are normally set unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: ♥ - 0001 to 1100 hours; ♣ - 1101 to 1400 hours; ♦ - 1401 to 1700 hours; ♠ - 1701 to midnight.

HISTORIC PRICING
The letter H denotes that the managers will deal on a historic price basis. This means that investors can obtain a firm quotation at the time of dealing. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis.

FORWARD PRICING
The letter F denotes that prices are set on a forward basis so that investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper show the prices at which deals were carried out yesterday.

SCHEME PARTICULARS AND REPORTS
The most recent report and scheme particulars can be obtained free of charge from fund managers. Other explanatory notes contained in last column of the FT Unit Trust information pages.

FT UNIT TRUST INFORMATION SERVICE

● Current Unit Trust Prices are available on FT Cityline. To obtain your free Unit Trust Code Booklet ring the FT Cityline help desk on 071-925-2128

Thornton Unit Managers Ltd (1000)F
33 Cavendish Sq., London W1M 7SF 071-493 7262
Dealing 071-493 8545

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
American Opps	5	55.25	55.65	59.56	+0.97	0.19
(Accum Units)	5	56.85	57.47	61.29	+0.99	0.19
European Opps	5	79.13	79.29	84.57	+0.34	0.00
(Accum Units)	5	79.57	79.73	85.03	+0.33	0.00
Far Eastern Opps	5	132.64	132.95	141.78	+1.20	0.00
(Accum Units)	5	133.49	133.78	142.69	+1.21	0.00
Golden Opps	5	36.23	36.23	38.63	+0.35	0.00
(Accum Units)	5	37.27	37.27	39.74	+0.36	0.00
Intl Hi-Yield	5	59.91	59.94	63.93	+0.10	4.31
(Accum Units)	5	65.30	65.34	69.69	+0.11	4.31
Sanyo Japan Tst	5	65.90	65.90xd	70.28	+0.38	0.00
(Accum Units)	5	65.90	65.90xd	70.28	+0.39	0.08
Kangaroo	5	30.14	30.14	32.14	+0.62	1.30
(Accum Units)	5	30.32	30.32	32.33	+0.65	1.30
Oriental Income	5	33.66	33.71	35.95	+0.18	4.86
(Accum Units)	5	38.41	38.46	41.02	+0.21	4.86
Tiger	5	147.43	147.43	157.25	+0.97	0.70
(Accum Units)	5	150.04	150.04	160.03	+0.99	0.70
UK Hi-Yield	5	41.54	41.54	44.30	+0.32	5.16
(Accum Units)	5	47.50	47.50	50.66	+0.37	5.16
UK Opps	5	51.25	53.46	57.16	-0.22	0.74
(Accum Units)	5	58.04	58.24	62.28	-0.24	0.74

Three Counties Asset Mngmt Ltd (1430)F
Cuthbert House, Tower Road, Washington NE37 2SH 091 415 3054

Balanced Portfolio	6	90.91	92.57	98.48	+1.29	4.00

Timberlake Trust Mngrs Ltd (0900)F
1 White Hart Yard, London SE1 1NX 071-407 9966

Portfolio	2	97.28	97.28	99.94	+0.85	6.18

Touche Remnant Unit Tst Mngt Ltd (1600)F
Mermaid Hse, 2 Puddle Dock, EC4V 3AT 071-248 1250
4 Hourly Pricing—12 Noon Historic

NM Rothschild Asset Management Ltd

	Bid Price	Offer Price	+ or -	Yield Gross
NC Managed	55.7	60.4xd	+0.9	3.86
NC Property	191.9	209.7xd	—	—

J. Rothschild Fund Managers Ltd

Intl Exempt	142.9	144.4	—	3.50

Stewart Ivory & Co Ltd

Saints PPP Apr 2	248.4	261.5	—	0.00

Closed to new business

Thornton Unit Managers Ltd

Managed Exempt May 1	97.17	103.32xd	—	3.98
(Accum Units)	97.95	104.49xd	—	3.98

Touche Remnant Unit Tst Mngt Ltd

TR Exempt European	1263	1296xd	—	1.99
TR Exempt Nth Amer	955	970xd	—	3.35
TR Exempt Pac Basin	1079	1112xd	—	0

INSURANCES

AA Friendly Society
Investment Mngt M & G Inv Mngt Ltd

AA Friendly Sy Apr 12	—	168.1	—	—

Laurentian Life plc—Contd.
Formerly Trident Life
Life Funds

	Bid Price	Offer Price	+ or -	Yield Gross
Equity Ser 3 Acc	472.0	496.8	+6.4	—
Gld Managed Acc	335.3	353.0	+0.2	—
Pension Funds				
Pens Equity	636.7	670.2	+6.9	—
Pens Managed	591.9	623.1	+6.2	—
Pens Gilt-Edge	363.8	382.9	+0.3	—
Pens Deposit	382.5	402.6	—	—
Pens Property	568.2	598.1	—	—
Swiss Bond	189.0	198.9	-0.5	—

Merchant Investors Assurance Co Ltd — Contd.

	Bid Price	Offer Price	+ or -	Yield Gross
MI UK Fund	339.2		+1.7	—
MI UK Pens	643.1		+4.3	—
MI Intl Equity	388.5		+8.1	—
MI Intl Equity Pens	608.0		+16.3	—
MI International Fund	367.0		+2.8	—
MI Intl Fd Pens	533.0		+5.2	—
MI Nth American Equity Fund	142.6		+2.2	—
MI Nth Am Equity Pens	161.0		+3.3	—
MI Far East Equity Fund	308.5		+4.7	—
MI Far East Equity Pens	410.9		+8.2	—

FT UNIT TRUST INFORMATION SERVICE

● Current Unit Trust Prices are available on FT Cityline. To obtain your free Unit Trust Code Booklet ring the FT Cityline help desk on 071-925-2128

National Financial Management Corp PLC

72 Gatehouse Rd, Aylesbury, HP19 3XJ 0296 395539

	Bid Price	Offer Price	+ or -	Yield Gross
Life Funds				
Managed Cautionary	99.0	104.5	+0.6	-
Managed Growth	137.9	145.2	+1.4	-
Managed Opportunity	139.8	147.2	+0.3	-
NFMC Target Financial	102.5	107.9	+0.4	-
Pension Funds				
Managed Cautionary	104.7	110.3	+0.4	-
Managed Growth	141.8	149.3	+1.1	-
Managed Opportunity	142.1	149.6	+0.7	-
NFMC Target Mngd Pen	1506.7	1586.0	+19.2	-

National Mutual Life

The Priory, Priory Pk, Hitchin, SG5 2DW 0462 422422

	Bid Price	Offer Price	+ or -	Yield Gross
Managed Fund	216.4	227.8	---	-
Managed Prospect Fund	181.6	191.2	---	-
Pens Managed	283.0	297.9	---	-
Pens UK Equity	327.2	344.5	---	-
Pens Overseas Equity	401.2	422.4	---	-
Pens Property	146.9	154.7	---	-
Pens Fixed Interest	164.9	173.6	---	-
Pens Index Linked	144.2	151.8	---	-
Pens Deposit	195.5	205.8	---	-
Harvester & P.R.P.				
UK Equity	143.1	150.7	---	-
Overseas Equity	143.7	151.3	---	-
Fixed Interest	112.7	118.7	---	-
Property	122.3	128.8	---	-
Index Linked	131.1	138.0	---	-
Deposit	135.7	142.9	---	-
Managed	142.6	150.2	---	-
With Profits	138.2	145.6	---	-

National Provident Institution

48 Gracechurch St, London EC3P 3HH 071-623 4200

	Bid Price	Offer Price	+ or -	Yield Gross
Managed	334.0	351.6	+3.3	-
UK Equity	417.6	439.6	+6.0	-
Overseas Eq	357.0	375.8	+2.5	-
American	267.0	281.1	+2.9	-
Far East	380.5	400.6	+4.6	-
Property	215.5	226.9	+0.2	-
Fixed Int	211.6	222.8	+0.3	-
Indexed Gilt	138.3	145.6	+0.6	-
Deposit	163.4	172.1	+0.1	-
Pension Fund (Accum Units)				
Managed	454.3	478.3	+4.5	-
UK Equity	520.8	548.3	+8.6	-
Overseas Eq	585.6	616.5	+2.0	-
Americas	355.8	374.6	+5.5	-
Far East	626.4	659.4	+6.7	-
Property	266.3	280.4	+0.5	-
Fixed Int	[illegible]	[illegible]	+0.4	-

Providence Capital Life Assc. Co Ltd — Contd.

	Bid Price	Offer Price	+ or -	Yield Gross
UK Managed Initial		113.8	+1.2	-
Property Initial		167.5	-0.1	-
Money Initial		80.4	+0.1	-
Special Market Initial		132.3	-0.6	-
Japan Equity Initial		101.0	+0.9	-
North American Initial		83.7	+1.4	-
Pacific Initial		78.7	+0.2	-
Technology Initial		91.8	-0.4	-
Nat Resources Initial		95.2	+0.2	-
European Initial		112.3	+0.3	-
Residential Prop Init		99.4	----	-
Swiss Equities Initial		40.5	+0.6	-
Hong Kong Initial		49.0	+0.2	-
UK High Inc Eq Init		65.2	+1.4	-
Int Fixed Interest Init		49.2	+0.3	-
Int Managed Init		57.1	+0.5	-
WP Managed Init		112.2	+0.4	-
WP Managed II Initial		97.7	----	-
Broker Funds				
High Performance	75.2	79.3	+0.3	-
Towerhill Mngd Fd Acc	50.4	53.1	+1.5	-
YRA Executive Fd	94.2	99.3	+0.1	-
£ Global Growth Acc	130.5	137.6	----	-
£ High Income Money Acc	111.4	117.7	----	-
IM Balanced		55.3	+0.2	-
H.F. Speculator Fd		153.0	+0.6	-
PEP Acorn II		120.5	+0.3	-
PEP Cautionary		80.4	----	-
AAFS Int Man Fund		117.2	+0.4	-
Andrews-Green Inv Port		99.4	+0.9	-
Individual Pension Funds				
UK Equity Acc	217.4	229.4	+4.7	-
UK Fixed Interest Acc	175.4	185.1	+1.3	-
Intl Equities Acc	253.1	267.0	+5.0	-
UK Managed Acc	179.4	189.2	+2.1	-
Property Acc	211.5	223.2	----	-
Money Acc	139.9	147.6	+0.1	-
Special Market Acc	265.7	280.3	-1.3	-
Japan Equity Acc	205.7	217.0	+2.6	-
North American Acc	131.2	138.5	+2.7	-
Pacific Acc	193.6	204.3	+1.1	-
Technology Acc	151.4	159.8	-0.6	-
Natural Resources Acc	108.4	114.4	+0.7	-
European Acc	151.3	159.7	+0.3	-
Residential Prop Acc	109.7	115.8	-0.1	-
Swiss Equities Acc	42.0	44.4	+0.8	-
Hong Kong Acc	50.9	53.7	+0.1	-
UK High Inc Equ Acc	72.1	76.1	+1.6	-
Int. Fixed Interest Acc	52.8	55.7	+0.4	-
Int. Managed Acc	61.2	64.5	+0.8	-
Group Pension Funds				

OFFSHORE AND OVERSEAS

GUERNSEY (SIB RECOGNISED)

MANAGEMENT SERVICES

ISLE OF MAN (SIB RECOGNISED)

LUXEMBOURG (SIB RECOGNISED)

JERSEY (SIB RECOGNISED)

FT UNIT TRUST INFORMATION SERVICE

● Current Unit Trust Prices are available on FT Cityline. To obtain your free *Unit Trust Code Booklet ring the FT Cityline help desk on 071-925-2128*

Ivory & Sime (Luxembourg) SA
13 rue Goethe L-1637 Luxembourg 010 352 404 6461
Atlas Fund

	Init Chge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Global Cap Portfolio		$-	2.521	2.674		0.25
United States Portfolio		$-	2.572	2.720		0.55
United Kingdom Portfolio		£-	1.053	1.119		11.00
Cont Europe Portfolio		DM-	4.630	4.928		0.45
European Portfolio		£-	1.145	1.213		-
Japan Portfolio		Y-	0.829	0.881		-
Pacific Portfolio		$-	2.642	2.801		1.00
Gold Portfolio		$-	1.994	2.115		0.35
UK Growth of Income		£-	1.120	1.199		1.90
Sterling Gilt Portfolio		£-	0.888	0.949		5.0
Global Bond Portfolio		$-	1.990	2.012		3.50
Dollar Portfolio		$-	2.081	2.082		7.50
Yen Portfolio		£-	0.894	0.895		2.25
Sterling Portfolio		£-	1.053	1.094		5.40

Midland International Circuit Fund SICAV
Midland Bank Fund Managers (Jersey) Ltd
PO Box 26, St Helier, Jersey 0534 37766

			Bid Price	Offer Price	+ or -	Yield
UK Growth		£-	0.982	1.042		-
European Growth		£-	1.127	1.196		-
Japan Growth		£-	1.025	1.088		-
Pacific Growth		$-	0.982	1.042		-
Nth American Growth		$-	1.032	1.094		-
UK Fixed Interest		£-	1.025	1.087		-
Multicurrency Bond		$-	0.994	1.056		-
UK Stlg Liquidity		£-	1.029	1.092		-
US$ Liquidity		$-	1.010	1.072		-

Morgan Grenfell UT Mgrs/Deutsche Bank
Representative for HM, Luxembourg
20 Finsbury Circus, EC2M 2UT 071-826 0826

			Bid Price	Offer Price	+ or -	Yield
Eurorenta		DM-	80.17	82.60	-0.1	-
DM Reserve		DM-	116.34	117.50	+0.1	-
Dollarrenta		$-	48.57	50.10		-

Nomura Global Fund
Nomura Intl, Nomura Hse, 24 Monument St
London EC3R 8AJ 071-283 8811

			Bid Price	Offer Price	+ or -	Yield
Asia Pacific P'folio			$895			-

Royal Trust Assetmix Fund
41 Avenue de la Gare L-1611, Luxembourg 352 489 061
Equity Funds

			Bid Price	Offer Price	+ or -	Yield
Alpha UK		£-	1.18		+0.02	0
Alpha US		$-	1.45		+0.03	0.00
Alpha Worldwide		SFr-	4.76		+0.06	0.00
Alpha Japanese		Y-	985		+12	0.00
Alpha Pacific Rim		$-	1.37		+0.02	0.00
Alpha European		Ecu-	1.30			0.00
Gold Share		$-	1.07		+0.02	0.00
Bond Funds						
Sterling Bond		£-	100.98		+0.75	12.5
US $ Bond		$-	108.23		+1.49	8.50
Deutschemark Bond		DM-	48.12		-0.28	8.50
Alpha Worldwide			SFr99.99		+0.64	9.00
Reserve Funds						
Sterling Reserve		£-	12.126			14
US $ Reserve		$-	11.171			7.36
Deutschemark Reserve		DM-	10.852			7.25

Sanpaolo Group (Luxembourg)
c/o 9 St Pauls Churchyard, London, EC4 071-489 8825
Sanpaolo ECU Fund

			Bid Price	Offer Price	+ or -	Yield
Bonds		Ecu-	110.895	114.181		-
Mixed		Ecu-	117.380	120.881		-

NM Financial Mgmt Intl Ltd—Contd.

	Bid Price	Offer Price	+ or -	Yield Gross
Gold Fund	£0.696	0.740	-0.001	0.00
Hong Kong Fund	£1.763	1.875	+0.001	6.03
International Fund	£1.396	1.485	+0.012	0.34
Japanese Fund	£2.740	2.914	+0.039	0.00
Japan Smaller Cos	£5.200	5.531	+0.028	0.00
Singapore & Malaysian	£1.555	1.654	+0.022	0.00
Dollar Fixed Interest	$0.963	1.024xd	+0.007	9.09
Sterling Fixed Int	£0.810	0.861xd	+0.003	12.13
Deutschemark Currency		DM4.982xd	-0.001	2.36
Dollar Currency		$0.985xd		4.91
Sterling Currency		£0.489xd	+0.002	10.49
Yen Currency		Y198.4xd	-0.100	1.40
Managed Currency	£0.946	1.006xd	-0.004	6.94

Nikko Capital Mgmt (Europe) Ltd

	Bid Price	Offer Price	+ or -	Yield Gross
Japan Index Fund	Y3,388	3,421		-
New Generation Fd. S.	$19.91	20.12		-
Japan Index Alpha	Y9,952	10,102		-
Jap Sector Rotation	Y9,045	9,181		-

Stronghold Asset Mngmt (Guernsey) Ltd

	Bid Price	Offer Price	+ or -	Yield Gross
Tech and Comm	£12.81	13.59		-
Pacific Basin Fd	$99.75	106.09		-
Western European	£18.06	19.40		-

Tyndall International (Guernsey) Ltd

	Bid Price	Offer Price	+ or -	Yield Gross
Capital Defender	$1.29	1.36		-
Hi Yield Bond	63.0	66.2	-0.2	13.30
Internat. Spec. Sits.	48.3	50.8	+0.6	-
Macquarie Fd	83.3	87.6	+3.5	-

U.S. Treasury Securities Fund Ltd

	Bid Price	Offer Price	+ or -	Yield Gross
Short Term Shares		$706.14		-
Fixed Income Shares		$810.07		-

Wellington Fd Mngrs (Guernsey) Ltd

	Bid Price	Offer Price	+ or -	Yield Gross
Intnl Growth Fd	$13.34	14.00		-

Yamaichi Capital Mngmt (Guernsey) Ltd

	Bid Price	Offer Price	+ or -	Yield Gross
Japan Meta Growth		$12.14	+0.26	-
Yamaichi ISS Fund		$8.67	+0.21	-
Yamaichi CB Plus Fund		$9.14	+0.17	-
Thai Inv Fund		$12.26		-

JERSEY (**)

Allied Irish Fund Managers (CI) Ltd

	Bid Price	Offer Price	+ or -	Yield Gross
Sterling Currency Fd		£14.6825		-
Managed Currency Fd		$25.7110		-
Du Sterling Capital		£21.3445		-
Ecu		Ecu12.0712		-
Irish Gilt Fd		I£187.9450		-
Intl Managed Dollar		$23.8375		-
Intl Managed Bond		I£21.3616		-

Barclays Intl Funds
Currency Funds

	Bid Price	Offer Price	+ or -	Yield Gross
Sterling		£17.82	+0.01	13.9
US Dollar		$28.80	+0.01	8.2
Deutschemark		DM49.41	+0.02	6.7
Yen		Y3,692	+0.01	5.6
Managed Multicurrency	£12.49	12.94	+0.01	-
Managed Multicurrency	$23.52	24.35	+0.01	-
Bond Funds				
Sterling Bond	£0.366	0.390xd	+0.02	12
US Government Income	$93.93	97.28xd	+0.70	8.4

North Star Fund Managers (Cayman) Ltd

	Bid Price	Offer Price	+ or -	Yield Gross
Invest Fund	DKr269.0	270.0		-
Low Risk Fund	DKr211.0	212.0		-
High Perf. Fund	DKr254.0	255.0		-
Bond Fund	DKr160.0	161.0		-
Second Low Risk Fd	DKr173.0	174.0		-
Second High Perform Fd	DKr205.0	206.0		-
Mixed Intl Fd	DM143.0	144.0		-
Invest Fd (Cayman)	DKr120.0	121.0		-
High Perf Fd (Cayman)	DKr129.0	130.0		-
Bond Fd (Cayman)	DKr120.0	121.0		-
Mixed Fd (Cayman)	DM114.0	115.0		-
High Security Fd	DKr136.0	137.0		-
High Income Fd	£9.9	10.00		-

Optima Fund Ltd

	Bid Price	Offer Price	+ or -	Yield Gross
NAV May 4		$12.53		-

Orbis Investment Management Ltd

US Pacific Stock Fund

	Bid Price	Offer Price	+ or -	Yield Gross
NAV May 14		$16.64		-

Unico Financial Services SA Lux
DG Investment Bank Ltd

	Bid Price	Offer Price	+ or -	Yield Gross
Unico Invest. Fund	DM70.40	72.60		3.00
Unico Equity Fund	DM64.16	66.08		3.00

Union-Investment-Gesellschaft GmbH

	Bid Price	Offer Price	+ or -	Yield Gross
Unifonds	DM38.08	40.00	-0.50	-
Unirak	DM81.96	86.10	+0.30	-
Unirenta	DM34.57	35.70	+0.10	-

Viking Fund-SICAV
♦NAV May 9 Ecu80.07

Warburg Inv Mngmt (Isle of Man) Ltd
Mercury 96:18 Trust (Gilead)

	Bid Price	Offer Price	+ or -	Yield Gross
Dollar Fd 80PUPs	$10.14	10.15		-
Dollar Fd 0PUPs	$10.30	10.35		-

SWITZERLAND (SIB RECOGNISED)

CANADA (SIB RECOGNISED)

IRELAND (SIB RECOGNISED)

GUERNSEY (**)

ISLE OF MAN (**)

LUXEMBOURG (**)

OFFSHORE INSURANCES

OTHER OFFSHORE FUNDS

Money Market Trust Funds

Money Market Bank Accounts

UNIT TRUST NOTES

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

D-Mark falls on elections

THE D-MARK weakened after Sunday's state elections in West Germany resulted in the ruling Christian Democratic Union losing its majority in the upper house of parliament. Dealers regarded the CDU loss of the election in Lower Saxony and its inability to overturn the Social Democrat majority in North Rhine-Westphalia as a rebuff for the plans of Mr Helmut Kohl, the West German Chancellor, on German unification.

The election results renewed uncertainty surrounding the D-Mark, as voters indicated their fears about the financial costs of monetary union with East Germany.

Trading within the European Monetary System left the D-Mark generally weak, losing ground to the Italian lira and French franc. The Bank of Italy bought DM100m at the Milan fixing in an attempt to stem the strength of the lira, but the Italian central bank did not appear to support the French franc, the lowest placed member of the system. The lira remained around its upper divergence limit against the weaker EMS members.

At the London close the D-Mark had fallen to L735.50 from L737.95 in terms of the lira. The West German currency also lost ground to the French franc, easing to FFr3.3705 from FFr3.3810.

Comments by Mr Markus Lusser, president of the Swiss National Bank, provided support for the Swiss franc. The currency has been firm of late, on high interest rates and demand by Japanese companies covering liabilities in Swiss franc denominated borrowings. It showed little change yesterday, but rose to DM1.1785 from DM1.1690 against the D-Mark. Mr Lusser said the Swiss central bank will keep its monetary policy tight for the foreseeable future,despite the strengthening of the franc. He added: "We still have a problem of rather high inflation and we have decided to continue the (restrictive) policy to bring back price stability."

The dollar traded quietly lacking fresh factors, as the market waited for today's figures on US industrial production; tomorrow's data on consumer prices; and Thursday's trade figure's for March.

At the London close the dollar had advanced to DM1.6445 from DM1.6305; to Y152.75 from Y152.65; to SFr1.3955 from SFr1.3950; and to FFr5.5425 from FFr5.5125. The dollar's index rose to 67.0 from 66.8

Sterling was also on the sidelines. Economic fundamentals - including yesterday's news of higher than expected April UK retail sales - are undermining confidence, but to a large extent this is already reflected in the pound's value. Interest rate differentials in favour of London and nervousness about the D-Mark provided some support.

Sterling was unchanged at $1.6815 and at Y256.75 yesterday, but rose to DM2.7650 from DM2.7425; to SFr2.3475 from SFr2.3450; and to FFr9.3200 from FFr9.2700. The pound's index climbed 0.4 to 87.5.

£ IN NEW YORK

May.14	Latest	Previous Close
£ Spot	1.6795-1.6805	1.6785-1.6795
1 month	1.01-1.00pm	0.95-0.94pm
3 months	2.78-2.74pm	2.81-2.79pm
12 months	9.65-9.60pm	9.75-9.65pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

	May.14	Previous
[illegible]	[illegible]	[illegible]

CURRENCY RATES

May.14	Bank rate %	Special* Drawing Rights	European + Currency Unit
[illegible]	[illegible]	[illegible]	[illegible]

† European Commission Calculations. * All SDR rates are for May.11

CURRENCY MOVEMENTS

May.14	Bank of England Index	Morgan Guaranty Changes %
[illegible]	[illegible]	[illegible]

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (Base Average 1985=100) *Rates are for May.11.

OTHER CURRENCIES

May.14	£	$
[illegible]	[illegible]	[illegible]
S.Af (Cm)	4.4165-4.4275	2.6310-2.6325
S.Af (Fn)	6.5425-6.6730	3.8910-3.9685
Taiwan	44.40-44.50	26.40-26.45
U.A.E.	6.1610-6.1680	3.6720-3.6730

*Selling rate

EURO-CURRENCY INTEREST RATES

May 14	Short term	7 Days notice	One Month	Three Months	Six Months	One Year
Sterling	14⅞-14⅝	15-14¾	15⅛-14⅞	15¼-15⅛	15⅜-15¼	15½-15⅜
US Dollar	8⅜-8¼	8¼-8⅛	8⅜-8¼	8½-8⅜	8⅝-8½	8¾-8⅝
Can. Dollar	13¼-13	13¼-13	13⅜-12⅞	13⅜-13⅛	13⅜-13⅛	13¼-13⅛
D. Guilder	8¼-7¾	8¼-7¾	8⅜-8⅛	8⅜-8⅛	8⅜-8⅛	9-8¾
Sw. Franc	8⅞-8¼	8⅞-8¼	9-8¾	9-8¾	9-8¾	8⅞-8⅝
Deutschmark	7⅞-7⅞	7⅞-7⅞	8-7¾	8¼-8⅛	8⅜-8¼	8⅝-8⅜
Fr. Franc	9⅜-9¼	9⅜-9⅜	9⅜-9⅜	9⅞-9¾	10-9⅞	10⅛-10
Italian Lira	13-11	13½-12½	12¾-12½	[illegible]	[illegible]	[illegible]
Belgian Franc	10⅜-10¼	10⅜-10¼	10⅜-10	[illegible]	[illegible]	[illegible]
Yen	7-6⅞	7⅛-7	7⅛-7⅛	[illegible]	[illegible]	[illegible]
D.Krone	10⅜-10⅛	10⅜-10⅛	10⅜-10⅛	[illegible]	[illegible]	[illegible]
Asian $Sing	8⅛-8	8⅜-8¼	8⅜-8¼	[illegible]	[illegible]	[illegible]

Long term Eurodollars; two years 9⅛-9 per cent; three years 9¼-9⅛ per cent; four years 9⅜-9¼ per cent; five years 9⅜-9½ per cent nominal. Short term rates are call for US Dollars and Japanese Yen; others, two days' notice.

POUND SPOT- FORWARD AGAINST THE POUND

May.14	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.6770-1.6840	1.6810-1.6820	[illegible]	[illegible]	[illegible]	[illegible]
Canada	1.9715-1.9830	1.9765-1.9775	[illegible]	[illegible]	[illegible]	[illegible]
Netherlands	3.10-3.11¼	3.10¼-3.11¼	[illegible]	[illegible]	[illegible]	[illegible]
Belgium	57.00-57.35	57.20-57.30	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Commercial rates taken towards the end of London trading. Six-month forward dollar 5.36-5.31cpm 12 month 9.65-9.55cpm

DOLLAR SPOT- FORWARD AGAINST THE DOLLAR

May.14	Day's spread	Close	One month	% p.a.	Three months	% p.a.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Commercial rates taken towards the end of London trading. † UK, Ireland and ECU are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency.

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu May.14	% change from central rate	% change adjusted for divergence	Divergence limit %
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

EXCHANGE CROSS RATES

May.14	£	$	DM	Yen	F Fr.	S Fr.	H Fl.	Lira	C $	B Fr.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
C $	0.506	0.851	1.399	129.9	4.714	1.188	1.572	1029	1	28.96
B Fr.	1.747	2.938	4.830	448.6	16.28	4.101	5.429	3553	3.453	100.

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100.

FINANCIAL FUTURES AND OPTIONS

LIFFE LONG GILT FUTURES OPTIONS; LIFFE US TREASURY BOND FUTURES OPTIONS; LIFFE FUTURES OPTIONS; LIFFE EUROMARK OPTIONS; LIFFE EURODOLLAR OPTIONS; LIFFE SHORT STERLING OPTIONS

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

LONDON (LIFFE)

20-YEAR 9% NOTIONAL GILT; US TREASURY BONDS 8%; 6% NOTIONAL GERMAN GOVT. BOND; 6% NOTIONAL LONG TERM JAPANESE GOVT. BOND; THREE MONTH STERLING; THREE MONTH EURODOLLAR; THREE MONTH EUROMARK; THREE MONTH ECU; FT-SE 100 INDEX

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

POUND-$ (FOREIGN EXCHANGE)

Spot	1-mth.	3-mth.	6-mth.	12-mth.
1.6815	1.6715	1.6540	1.6282	1.5855

IMM-STERLING $s per £

	Latest	High	Low	Prev.
Jun	1.6714	1.6726	1.6698	1.6668
Sep	1.6450	1.6458	1.6430	1.6398
Dec	1.6170	1.6200	1.6170	1.6156

CHICAGO

U.S. TREASURY BONDS (CBT) 8%; U.S. TREASURY BILLS (IMM); SWISS FRANC (IMM); PHILADELPHIA SE £/$ OPTIONS; JAPANESE YEN (IMM); DEUTSCHE MARK (IMM); THREE-MONTH EURODOLLAR (IMM); STANDARD & POORS 500 INDEX; 10 YEAR 10% NOTIONAL FRENCH BOND (MATIF) FUTURES; OPTION ON LONG-TERM FRENCH BOND (MATIF); THREE-MONTH PIBOR FUTURES (MATIF)

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

	Open	Close	Change	High	Low	Yield	Open int.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
December	90.07	90.11	-0.01	90.13	90.07	9.80	2,425
March	-	-	-	-	-	9.78	174

Estimated volume 6,256 Total Open Interest 26,581

CAC-40 FUTURES (MATIF) Stock index

	Open	Close	Change	High	Low	Open int.
May	2115.0	2103.0	+1.0	2116.0	2096.0	4,336
June	2108.0	2104.0	-2.0	2112.5	2100.0	762
July	2110.0	2110.0	+4.0	2110.0	2110.0	1
September	-	-	-	-	-	10

Estimated volume 4,391 Total Open Interest 5,109

BASE LENDING RATES

	%		%		%
ABN Bank	15	Coutts & Co	15	Nat Westminster	15
Adam & Company	15	Cyprus Popular Bk	15	Northern Bank Ltd	15
Allied Trust Bank	15	Dunbar Bank PLC	15	Nykredit Mortgage Bank	15½
Allied Irish Bank	15	Duncan Lawrie	15	Provincial Bank PLC	16
● Henry Ansbacher	15	Equatorial Bank plc	15	Roxburghe G'rantee	15½
Associates Cap Corp	15½	Exeter Trust Ltd	15½	Royal Bk of Scotland	15
● B & C Merchant Bank	15	Financial & Gen. Bank	15	Royal Trust Bank	15
Bank of Baroda	15	First National Bank Plc.	16½	● Smith & Williamson Secs.	15
Banco Bilbao Vizcaya	15	● Robert Fleming & Co.	15	Standard Chartered	15
Bank Credit & Comm	15	Robert Fraser & Ptnrs.	15½	TSB	15
Bank of Cyprus	15	Girobank	15	UNIbank Plc	15
Bank of Ireland	15	● Guinness Mahon	15	● United Bk of Kuwait	15
Bank of India	15	HFC Bank plc	15	United Mizrahi Bank	15
Bank of Scotland	15	● Hambros Bank	15	Unity Trust Bank Plc	15
Banque Belge Ltd	15	Hampshire Trust Plc	15½	Western Trust	15
Barclays Bank	15	Heritable & Gen Inv Bnk.	15	Westpac Bank Corp.	15
Benchmark Bank PLC	15	● Hill Samuel	§15	Whiteaway Laidlaw	15
Brit. Bk of Mid East	15	C. Hoare & Co.	15	Yorkshire Bank	15
● Brown Shipley	15	Hongkong & Shangh	15		
CL Bank Nederland	15	● Leopold Joseph & Sons	15		
● Charterhouse Bank	15	Lloyds Bank	15		
Citibank NA	15	Meghraj Bank Ltd	15		
City Merchants Bank	15	McDonnell Douglas Bnk.	15		
Clydesdale Bank	15	Midland Bank	15		
Comm.Bk.N.East	15	Mount Banking	15		
Co-operative Bank	*16	Nat Bk. of Kuwait	15		

● Members of British Merchant Banking & Securities Houses Association. * Deposit now 5.9% Sunrise 8.5%. Top Tier-£50,000+ instant access 13.7% & Mortgage base rate. § Demand deposit 9%. Mortgage 15.2% - 15.95%

MONEY MARKETS

Rates little changed

REACTION was muted to yesterday's UK economic data. A rise of 1.0 per cent in April retail sales was above most forecasts; the market expected a rise of around 0.6 per cent, but accepted that distortions over seasonal adjustments made the data look stronger than the underlying trend. Rises in producer prices were also high than expected, but had little impact. Three-month sterling interbank was quoted at 15⅛-15¼ per cent, against 15¼-15⅛ on Friday, and 12-month money eased to 15⅝-15½ per cent from 15⅝-15¾.

UK clearing bank base lending rate 15 per cent from October 5

Short sterling futures on Liffe finished on a firm note. Volume increased in the longer dated contracts as expectations remained low of any early change in UK bank base rates. September short sterling opened slightly higher at 85.06 and touched a peak of 85.16, before closing at 85.11 against 85.05 previously.

The Bank of England initially forecast a money market credit shortage of £350m, but revised this to £300m at noon, and back to £350m in the afternoon. Total help of £338m was provided.

The authorities did not operate in the market before lunch. In the afternoon £258m bills were purchased, by way of £20m Treasury bills in band 2 at 14¾ per cent and £238m bank bills in band 2 at 14¾ per cent. Late assistance of around £80m was also provided.

Bills maturing in official hands, repayment of late assistance and a take-up of Treasury bills drained £958m, with bank balances below target absorbing £30m. These outweighed Exchequer transactions adding £45m to liquidity and a fall in the note circulation of £585m.

In Frankfurt call money was steady at 7.85 per cent ahead of this week's securities repurchase agreement tender. Dealers hope the Bundesbank will fully replace two expiring pacts totalling DM19.6bn, and may add liquidity to offset a drain of funds caused by tax payments.

Last Thursday banks reserve holdings at the Bundesbank fell to DM57.1bn from DM60.8bn, to average DM59.2bn for the first 10 days of May. A requirement of around DM58bn is expected for the whole month.

In New York the Federal Reserve added temporary reserves to the banking system via three-day system repurchase agreements when Federal funds were trading at 8¼ per cent.

FT LONDON INTERBANK FIXING

(11.00 a.m. May.14) 3 months US dollars		6 months US Dollars	
bid 8¼	offer 8½	bid 8¾	offer 8½

The fixing rates are the arithmetic means rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted to the market by five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque National de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK (Lunchtime)

Prime rate	10
Broker loan rate	9¾
Fed.funds	8¼
Fed.funds at intervention	8¼

Treasury Bills and Bonds

One month	7.78	Three year	8.58
Two month	7.66	Four year	8.62
Three month	7.91	Five year	8.61
Six month	8.07	Seven year	8.68
One year	8.22	10-year	8.64
Two year	8.54	30-year	8.62

May.14	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	7.80-7.90	8.05-8.15	8.10-8.20	8.20-8.30	8.45-8.60	8.00
Paris	10-10⅛	9⅞-9¼	9⅞-9⅞	9¼-9⅞	9⅞-10	9.50
Zurich	8⅞-8⅝	8¾-9	-	8¾-9	-	-
Amsterdam	8.10-8.20	8.28-8.38	-	8.47-8.57	-	-
Tokyo	6⅞-7⅛	7⅛-7⅞	-	7⅞-7⅛	-	-
Milan	11⅞-12⅛	12⅛-12⅛	-	12⅛-12⅛	-	-
Brussels	6.80	9⅞-10⅛	-	9⅞-10⅛	-	-
Dublin	11⅛-11⅛	11⅞-11⅞	11⅞-11⅛	11⅞-11⅞	11⅞-12	-

LONDON MONEY RATES

May 14	Overnight	7 days notice	One Month	Three Months	Six Months	One Year
Interbank Offer	14⅞	15	15⅛	15¼	15⅜	15½
Interbank Bid	12½	14¾	14⅞	15⅛	15¼	15⅜
Sterling CDs.	-	-	14⅞	15⅛	15¼	15⅜
Local Authority Deps.	14½	14¾	14⅞	15⅛	15¼	15⅜
Local Authority Bonds	-	-	-	-	-	-
Discount Mkt Deps.	14¾	14⅞	14⅞	14⅞	-	-
Company Deposits	-	-	15⅛	15¼	15¾	15½
Finance House Deposits	-	-	15	15⅛	15⅜	15½
Treasury Bills (Buy)	-	-	14⅞	14⅞	-	-
Bank Bills (Buy)	-	-	14⅞	14⅞	14¾	-
Fine Trade Bills (Buy)	-	-	15⅛	15⅛	14⅞	-
Dollar CDs.	-	-	8.25	8.37	8.45	8.70
SDR Linked Dep. Offer	-	-	8⅞	9⅛	9¼	9⅜
SDR Linked Dep. Bid	-	-	8¾	8⅞	9⅛	9¼
ECU Linked Dep. Offer	-	-	10⅛	10⅜	10⅝	10¾
ECU Linked Dep. Bid	-	-	10	10¼	10½	10⅝

Treasury Bills (sell); one-month 14⅞ per cent; three months 14½ per cent; Bank Bills (sell): one-month 14⅞ per cent; three months 14⅞ per cent; Treasury Bills; Average tender rate of discount 14.5209 p.c. ECGD Fixed Rate Sterling Export Finance. Make up day April 30 ,1990 . Agreed rates for period May 26 to June 25 , 1990, Scheme I: 15.94 p.c., Schemes II & III: 16.49 p.c. Reference rate for period March 31,1990 to April 30 , 1990, Scheme IV&V: 15.247 p.c. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 15½ from May 1 , 1990; Bank Deposit Rates for sums at seven days notice 4 per cent. Certificates of Tax Deposit (Series 6); Deposit £100,000 and over held under one month 11½ per cent; one-three months 13 per cent; three-six months 13 per cent; six-nine months 13 per cent; nine-twelve months 13 per cent; Under £100,000 11½ per cent from Oct 9,1989 . Deposits withdrawn for cash 5 per cent.

COMPANY NOTICES

EXCHANGE NOTICE TO HOLDERS OF BEARER SHARES OF GLOBAL NATURAL RESOURCES PLC

Pursuant to a Scheme of Arrangement dated May 17, 1983, as amended, the outstanding bearer shares ("Bearer Shares") of Global Natural Resources PLC were cancelled. Certificates for Bearer Shares may be exchanged (a) until July 29, 1993, on a share-for-share basis for shares in registered form of Global Natural Resources Inc., a New Jersey corporation ("Global U.S.") or (b) at any time for cash. Global U.S. shares are traded on the American Stock Exchange.

Bearer Shares do not represent Global U.S. shares and are not entitled to receive dividends, notice of meetings, vote or otherwise participate in the affairs of Global-U.S. At May 1, 1990 each Bearer Shares was entitled to $6.14 cash.

Certificates for Bearer Shares may be exchanged at the election of the holder for Global-U.S. shares or cash by delivery of a completed Form of Application, together with certificates for Bearer Shares, to the Exchange Agent named below. Forms of Application, together with the Trust Deed implementing the Scheme of Arrangement and Supplemental Dees varying the Scheme of Arrangement, may be obtained from:

Exchange Agent:
Registrar & Transfer Company
Attn: EXchange Department, 10 Commerce Drive
Cranford, New Jersey 07016, USA

or from:

Hambros Bank Ltd.
Attn: Stock Counter, 41 Tower Hill
London, England EC3N 4HA

On May 15, 1990, Global U.S. mailed to its shareholders Notice of the Annual Meeting of Shareholders to be held at the Ritz-Carlton, 1919 Briar Oaks Lane, Houston, Texas, on June 7, 1990 at 9:00 a.m. together with related proxy material.

OK BAZAARS (1929) LIMITED(Incorporated in the Republic of South Africa) (Declaration of Dividend)

NOTICE IS HEREBY GIVEN that final dividend number 117 of 53 cents per share has been declared payable on Monday 2 July 1990 in the currency of the Republic of South Africa, to all holders of Ordinary Shares registered in the books of the Company at the close of business on Friday 18 May 1990. Non-resident shareholders' tax of 15% will be deducted where applicable.

The Registers of Members will be closed in Johannesburg and London from 19 to 27 May 1990, both days inclusive, for the purpose of processing the above dividend.

BY ORDER OF THE BOARD
P.E. KRITZINGER
Secretary

Registered Office

OK Buildings
80 Eloff Street
Johannesburg 2001

Transfer Secretaries

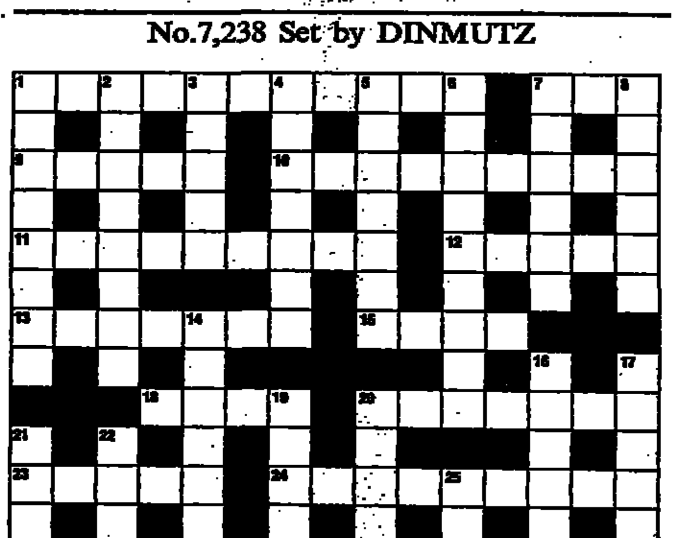
Barclays Registrars Limited
6 Greencoat Place
London
SW1P 1PL

7 May 1990

JOTTER PAD

CROSSWORD

No.7,238 Set by DINMUTZ



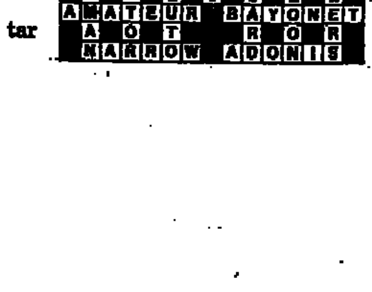
ACROSS

1 No 1. dressing-room of the old Royal Court? (4,7)
7 Elf at the fireside (3)
9 Forest for the endlessly passionate (5)
10 Waterway of wayward chaplains (4,5)
11 Bitch-insect biting (9)
12 Never-failing courage? (5)
13 England's openers, taking tea before batting, hold fast (7)
15 Track that corncrake! (4)
18 Reversible deck (4)
20 Entire panel beaten by Roy, heartlessly (7)
23 First character to produce a brain-wave? (5)
24 One has such trouble with the airways! (9)
26 Zoo-exhibit which cannot keep off the grass (9)
27 Violinist a long way from the bow? (5)
28 This spring is bad in Germany (3)
29 Shooting-brake? (6-5)

DOWN

1 Having received fright, was in front from the off (8)
2 Interview everybody in the house (8)
3 Like a solid figure – firm and nice, except for the bottom? (5)
4 Refrain from making tar mark (7)
5 Bubble burst at first by antisepsis pioneer? (7)
6 Once tried out in dark (9)
7 Country a bit short and empty (6)
8 Ticket in quarters? (6)
14 Irregularities in a semolina pudding (9)
16 Abuse semi-formal banquet (8)
17 Henry in yacht disaster – what a bloomer! (8)
19 Sudden death, for example, means production cancelled (4-3)
20 Ready-to-wear case in hospital? (7)
21 Pitiable quality of quiet musketeer (6)
22 Disciplined city in fight with soldiers (6)
25 Erotic commons for Orsino? (5)

Solution to Puzzle No.7,237



WORLD STOCK MARKETS

AUSTRIA

May 14	Sch	+ or −
Austrian Airlines	4,970	+50
Creditanstalt	5,600	−50
Erste Allgemeine	22,950	+550
Jungbunzlauer	14,900	−100
Laenderbank	1,260	−20
OeMV	11,550	+50
Perlmooser	2,030	+10
Rader	1,122	+2
Reininghaus	2,680	—
Steyr-Daimler	299	+4
Veitscher Mag	1,242	+2
Verbund	650	+6
Wienerberger	6,430	+70

BELGIUM/LUXEMBOURG

May 14	Frs.	+ or −
Arbed	5,080	+20
B.B.L.	2,970	−10
Bank Intl. a Lux	15,250	—
Banque Gen. Du Lux	14,700	—
Banque Nat Belg	33,000	—
Barco	2,240	+5
Bekaert B	13,500	+150
Ciment CBR	8,640	+90
Cobepa	3,580	+20
Do. AFV 1	5,600	−10
Cockerill	201	—
Colruyt	24,600	+800
Delhaize	5,800	+40
EBES	4,300	+45
Do. AFV 1	4,170	−10
Fabrique Nat	310	+7
GIB Group	1,378	−2
Do. AFV	1,560	+4
GBL (BrusX)	3,995	+15
Do. AFV 1	3,975	+45
Gechem	804	+2
Do. AFV	762	−6
Generale Bank	4,910	—
Do. AFV 1	4,985	−10
Gevaert	8,500	+90
Intercom	3,545	+40
Do. AFV 1	3,450	+30
Kredietbank	3,950	+100
Do. AFV	4,000	+5
Pan Holdings	14,540	—
Petrofina	11,600	+100
Raffinerie Tirle	3,260	—
Royale Belge	5,520	+60
Do. AFV 1	5,530	−20
Soc Gen Belge	3,350	+35
Do. AFV	3,300	+45
Sofina	12,675	−25
Solvay	13,550	+175
Tessenderlo	8,680	+80
Do. AFV	8,410	−90
Tractebel	8,600	+60
Do. AFV 1	8,580	+20
UCB	20,100	+350
Do. AFV	18,200	+50
Unerg	2,600	+45
Do. AFV 1	2,550	+25
Wagons Lits	8,920	+10
Do. AFV	8,200	—

DENMARK

May 14	Kr	+ or −
Baltica Hldgs	805	+10
Carlsberg	1,250	+10
Danisco	917	+2
Den Danske Bank	327	−5.4
East Asiatic	238	—
FLS Inds. B	915	+5
GN Great Nordic	890	—
Hafnia Invest A	935	−5
I.S.S. B Systems	785	—
Jyske Bank	388	−4
Nordisk Kabel	485	−5
Novo Nordisk	277	−4
Privatbanken	290	+2
Royal C'hagen A	515	—
Sophus Berendsen	1,180	+10
Superfos	5,660	−90
TopDanmark	1,130	+40

FINLAND

May 14	Mka	+ or −
Amer	117	+2
Cultor	67	—
Enso-Gutzeit R	17	—
Huhtamaki I Free	106	—
KOP	51	+1
Kone	628	+8
Kymmene	99	+5
Nokia Pref Free	92	+2
Pohjola 'B' Free	93.5	+3.5
Rauma-Repola	32	+2.5
Sampo	384	−2
Stockmann 'B'	193	+8
UBF 'C'	24.5	+0.7
Utd. Paper Prf.	101	—
Wartsila fs (1)	398	+22

FRANCE

May 14	Frs.	+ or −
Accor	988	−2
Afrique Occiden	664	+2
Air Liquide	721	−3
Arjomari-Prioux	2,600	−39
Auxiliaire d'Ent	1,099	−9
BIC	606	+1
BSN	863	+6
Bancaire Cie	651	−7
BNP (Cert.Inv.)	469.5	−6.5
Beghin-Say	870	+7
Do. Certs	580	—

FRANCE (continued)

May 14	Frs.	+ or −
Bongrain	3,315	−30
Bouygues	657	−16
CGIP	1,480	−23
CMB Packaging	197.9	+1.4
Carrefour	3,565	+15
Casino	157.4	−0.6
Cetelem	618	+1
Chargeurs	1,160	−7
Ciments Fr.	1,645	−25
Club Mediterranee	684	−3
Cofimeg	375	−0.2
Coflexip	387	+3
CGE	625	−1
Coparex	560	−10
CCF	251.5	+0.6
Cred Foncier Fr	1,395	−5
Cred Lyonn (CI)	843	—
Credit National	1,565	+5
Damart	3,167	−43
Docks de France	4,180	−25
Dollfus-Mieg	609	−1
Dumez S.A.	651	—
Eaux (Cie Gen)	2,606	−15
Ecco	600	—
Electrofin're	1,035	—
Elf-Aquitaine	691	—
Do. Certs	495	−1
Epeda-Bertrand	1,200	+33
Essilor	2,445	+35
Eternit (Fin.)	2,485	+5
Eurafrance	2,180	+30
Eurocom	2,250	+1
Euro Disneyland	104.2	−1.2
Euromarche	3,820	−10
Exor	1,850	—
Finextel	202	+2
Fonciere Lyonn	1,000	—
Fromageries	2,400	−16
GTM-Entrepose	1,535	+15
Gaumont (Soc N)	1,112	−25
Gen Geophysique	1,375	—
Gen. Occidentale	780	−2
Hachette	430	−6.5
Havas	649xa	+7
Imetal	351	−7.7
Immeubles de Fr	1,600	−30
Immobanque	848	+23
Industrielle	7,320	−170
Interbail	510	+5
Intertechnique	1,685	−15
LVMH	4,493	+13
Lafarge Coppee	446	+8.5
La Henin	621	+3
L'Oreal	5,330	−80
Legrand	4,433	+41
Locafrance	317	−3
Lyonn. des Eaux	701	−1
Maisons Phenix	102.1	−0.9
Matra S.A.	400	+0.1
Merlin-Gerin	5,930	+30
Michelin B	136.7	−0.8
Midi (Cie)	1,318	+3
Moulinex	122	+2
Navigation Mixt	1,917	−63
Nord Est	203.8	−1.2
Nouvelle Galer.	746	−7
OFP	1,889	+71
Orsan	320.1	−2.9
Paribas	690	−1
Paris Rescompte	494.6	−2.4
Pechelbronn	1,849	—
Pernod Ricard	1,331	+1
Perrier	1,770	−12
Peugeot S.A.	868	−7
Poliet	582	−8
Pretabail Sicomi	1,200	—
Printemps Au	645	+9
Promodes	4,230	—
Radiotech	708	−6
Redoute	3,219	+9
Rhone-Poul (Cts)	455.9	−1.1
Roussel-Uclaf	2,205	−35
SILIC	853	−5
Sagem	1,460	—
St. Gobain	619	+1
Saint Louis	1,540	−2
Sanofi	1,021	+9
Schneider	1,113	+16
Seb SA	1,339	+44
Sefimeg	525	−5
Simco	616	−15
Skis Rossignol	1,070	+10
Soc. Gen. de Fr	606	+4
Sommer-Allibert	2,415	−75
Spie-Batignolles	860	—
Suez (Fin de)	476.4	−1.5
Taittinger	5,460	+110
Thomson (CSF)	129.4	−0.2
Total-Petroles Fr.	683	−2
UAP	622	+2
UFB Locabail	462	−8.5
Unibail	930	+11
Union Immob Fr	670	−6
Valeo	646	−5
Vallourec	401	−8.6

GERMANY

May 14	Dm.	+ or −
AEG	300	−5
AG Ind & Verkehr	850	−20
Aachener Muench	852	+1
Allianz AG	2,535	−35
Altana	450.5	−3.5
Asko Deutsche K	960	−25
Do. Prf.	835	−8
BASF	300	−2.5
Badenwerk	251	+11
Bayer	303	−3.8
Bayer-Hypo	402.5	−4.5
BMW	576.5	−7.5
Bayer-Vereln	388	−2

GERMANY (continued)

May 14	Dm.	+ or −
Beiersdorf	840	+3
Berliner Kraft	158	−2
BHF-Bank	488	−5
Bilfinger & Berg	909	−11
Brown Boveri	709	+15
Colonia Versich	1,060	—
Do. Pref.	775	−5
Commerzbank	276	−4
Continental AG	295.2	−3.8
DLW	810	−20
Daimler-Benz	846	−2
Deckel (Fr.)	227	+2
Degussa	522	−1
Deutsche Babcock	298.5	−1.5
Deutsche Bank	789.5	—
Didier-Werke	279	+2
Douglas Hldgs	832	−21
Dragerwerk	358	—
Dresdner Bank	425.5	−4
Fag Kugelfischer	472	—
Gerresheimer	338	—
Goldschmidt (TH)	598	+8
Hamburg Elekt	214	+1
Hapag Lloyd	495	—
Heidelberger Zem	1,370	+10
Henkel Pref.	630	−3
Herlitz	370	−2
Hochtief	1399.5	−5.5
Hoechst	291	−0.4
Hoesch	354.2	+0.2
Holzmann (P)	1,550	−21
Horten	268	+2
Industriekredit.	279	+5
Industrie Werke	444	−7
Kali & Salz	269	−1.5
Karstadt	678	−1
Kaufhof	670	−5
KHD	284	−2
Kloeckner Werke	254	−9
Kraft Werke Rh	310	—
Lahmeyer	1,080	+10
Leifheit	712	+8
Linde	1,006	−5
Lufthansa	180	−5
Do. N/V Pref.	166	−2
MAN	478	−6
Do. Pref.	374.5	−3.5
Mannesmann	368	−3.5
Mannheimer Vers	865	+15
Mercedes Hld	701	−5
Metallgesell	635	−16
Muench Rueck	2,210	+10
Nixdorf	336.5	−4.7
PWA	324.5	−1.5
Philips Kommun.	536	—
Porsche	1,110	−15
Preussag	465	−5
Rheinelektra	2,554	+4
Rhein West Elect	483.5	−4.8
Do. Pref.	386	−4.5
Rheinmetall Berl	441	−3
Do. Pref.	277.5	−7.5
Rosenthal	365	−1
Schering	830.5	+9.5
Schmalbach-Lub	240.5	−7.5
Siemens	753	−5.5
Springer Vlg Rg	758	−5
Sud-Chemie	709	—
Thyssen	297.5	−1
Varta	417	−2
Veba	427.8	−9.2
V.E.W.	224	−2
Verein-West	400	−3.5
Viag	412	−6
Volkswagen	578.5	−1.5
Do. Pref.	488	+3
Wella Pref.	789	−10.5
Zanders Feinpap	353.5	+9.5

ITALY

May 14	Lire	+ or −
Banca Comm'le	4,860	+28
Banca Naz Agric	8,301	+51
Banco Lariano	7,600	+75
Bastogi-IRBS	351	+1
Burgo (Cartiere)	13,200	+100
CIR	5,330	+41
Caffaro	1,375	+23
Cementir	3,700	—
Cigahotel	5,636	−5
Cofide	4,680	+80
Credito Italiano	2,610	+9
Danieli	11,750	+49
Eridania	9,371	+21
Fiat	10,275	+40
Do. Priv.	7,368	+25
Fidis	7,930	—
Fondiaria	57,900	+50
Gemina	2,229	+8
Generali Assicur	40,655	+155
Gilardini Inds.	4,990	−10
IFI Priv.	29,080	+435
Italcable	20,500	−50
Italcementi	133,700	+900
Italgas	2,691	−4
Lloyd Adriatico	14,600	+147
Magneti Marelli	1,934	—
Mediobanca	20,850	+290
Mira-Lanza	73,000	+1,650
Montedison	1,940	+9
Olivetti	7,012	+23
Pirelli Co	9,860	+20
Pirelli Spa	2,661	−19
Rinascente La	7,300	+20
RAS	23,820	+320
SIP	1,676	+28
Saffa A	10,401	—
Saipem	2,950	−50
SASIB	7,890	+50
Sirti Spa	13,080	−120

ITALY (continued)

May 14	Lire	+ or −
SME	1,942	−5
Snia BPD	2,572	+2
Toro Assicur	22,250	+20
Tosi Franco	34,445	+245
Unicem	27,100	+200

NETHERLANDS

May 14	Fls.	+ or −
ACF Holding	37.40	+0.6
AEGON	126.20	+2.4
Ahold	141.70	+2.7
AKZO	120.50	+0.8
ABN	37.80	+0.3
AMEV	56.10	+0.1
AMRO	74.70	+0.4
Bols Lucas	175.50	−0.5
Borsumij Wehry	79.00	−0.3
Buehrmann-Tet	66.20	+1
Center Parcs	52.50	+1
Centrale Suiker	83.10	−0.4
DAF	28.90	−0.4
DSM	115.70	+1
Dordtsche Petroleum	129.80	+3
Elsevier	86.90	+0.9
Fokker	48.50	+0.4
Gamma	99.00	+3
Gist Brocades	32.70	+0.1
Heineken	120.80	+0.8
Holl. Beton	211.00	—
Hoogovens	76.30	+1.3
Hunter Douglas	106.50	−0.1
IHC Caland	45.30	−1
Int Mueller	92.30	+0.8
KLM	33.10	+0.6
Kempen	15.20	+0.4
KNP	44.8	+0.2
NMB Postbank	50.90	+0.5
Nat Ned Cert	73.30	+0.4
Nedlloyd	86.50	—
Nijverdal-Ten C	107.50	+0.2
Nutricia Ver B.	94.50	−1.5
Oce Grinten	63.00	—
Ommeren (Van)	36.90	−0.2
Pakhoed	187.50	+0.5
Philips	33.40	+2
Robeco	96.30	+1.4
Rodamco	79.40	+0.3
Rolinco	95.50	+1.6
Rorento	58.20	−0.1
Royal Dutch	142.80	+3.3
Unilever	148.60	+4.7
VMF Stork	55.40	+0.4
VNU	96.50	+1
Wessanen	70.90	+0.5
Wolters Kluwer	53.90	+0.5

NORWAY

May 14	Kroner	+ or −
Aker (Free)	155.00	−5
Bergesen A	231.00	+2
Ch'stiania Bk Free	151.50	+1.5
Den Norske Bank	167.00	+4
Dyno Ind.	140.00	+0.5
Elkem (Free)	270.00	—
Hafsl Nycd A Free	192.50	−1.5
Kvaerner (Free)	330.00	—
Nora Indust Free	290.00	—
Norsk Data A	46.00	—
Norsk Hydro	207.50	+3
Orkla Borr (Free)	265.0	+10
Saga Pet (Free)	137.5	+5.5
Storebrand (Free)	152.00	—

SPAIN

May 14	Pts.	+ or −
Banco Bilbao Viz	3,295	+55
Banco Central	4,930	−15
Banco Exterior	3,330	+20
Banco Hispano	2,840	+5
Banco Popular	8,760	+60
Banco Santander	4,910	+10
Banesto	3,960	+90
Bodegas Bebidas	4,600	−20
Citroen Hispania	12,400	−200
Corp Fin Alba	8,050	+140
Corp. Mapfre	8,790	+110
Dragados	3,280	+70
Ebro	3,310	—
Electra Viesgo	2,825	+10
Energia Ind Ara	1,935	+55
Ercros	1,700	+35
Esp Carburos Mt	7,440	+50
Esp Azum Tudor	1,520	+10
Fasa Renault	4,850	−100
Fecsa	592	+22
Hidroel Cantab.	1,760	+5
Hidrola	490	+4
Iberduero	650	+10
Koipe	4,450	—
Metal Duro-Felg	1,575	+30
Petroleos (Cia Esp)	2,165	+40
Portland Vald.	26,050	—
Repsol	2,445	+45
SNIACE	735	+20
Sarrio	1,370	+35
Sevillana Elec.	601	+7
Tabacalera	3,840	+10
Telefonica	812	+7
Union Elec-Fen.	534	+16
Union y el Fenix	9,010	+350
Uralita	3,750	+95
Urbis Ser.2	2,235	—

SWEDEN

May 14	Kronor	+ or −
AGA B (Free)	274	+9
Alfa-Laval B (Free)	235	—
Asea A Free	780	+75
Asea B (Free)	785	+35
Astra B (Free)	480	+6
Atlas Copco A (Free)	341	+5
Electrolux B (Free)	263	+4
Ericsson B (Free)	1,080	—
Esselte B (Free)	196	—
Gambro B Free	130	+2
Mo Och Dom B Free	330	—
Pharmacia B (Free)	205	+2
Saab-Scania B Free	232	−1
Sandvik B (Free)	295	—
Skandia (Free)	193	+2
Skan Enskilda	80	+2.5
SKF B Free	162	+3
Stora Kopp A Free	324	—
Sv'ka Cell'sa B (Free)	130	+6
Sv'ka Handelsbn.	107	+4
Trelleborg B Fr	169	−1
Volvo B (Free)	325	+8

SWITZERLAND

May 14	Frs.	+ or −
Adia Intl	1,610	+10.0
Do. Ptg.Certs.	232	+5.0
Alusuisse Lonza	1,245	−25
Do. Ptg. Certs.	101	−1
Baloise Hld Ptg	2,080	−20
Bank Leu	2,470	−90
Do. Ptg.	390	−10
Brown Boveri	5,800	−50
Do. Ptg.	1,115	+5
CS Hldgs.	2,450	−10
Ciba Geigy	3,190	−40
Do. (PtCts)	2,740	−100
Elektrowatt	3,080	−40
Elvia	1,810	+10
Fischer (Geo.)	2,300	−60
Do. Ptg.	400	−10
Forbo	2,630	−20
Holderbank (Br)	6,300	−150
Holzstoff (Br)	5,250	+100
Jacobs Suchard	6,875	—
Do. Ptg.	617	−6
Jelmoli	2,200	—
Do. Ptg. Certs	420	−9
Landis and Gyr	1,410	—
Do Priority Ptg	124	−1
Mag. Globus Ptg	870	−30
Mikron (Br)	2,900	+50
Motor-Colombus	1,750	—
Nestle	8,725	−25
Do. (Reg)	8,375	—
Oer-Buhrle	980	−20
Pargesa Hldg	1,390	+10
Pirelli	450	+1
Richemont	8,250	—
Roche Hldgs (Br)	7,425	—
Do (Genuss)	3,865	−5
Sandoz (Br)	10,700	−300
Do. (PtCts)	2,150	−50
Schindler (Br)	6,825	—
Do. (PtCts)	1,275	−15
Sika	930	−20
Surveillance	5,125	−200
Swissair	980	−10
Swiss Bank	316	−4
Do. Ptg.	280	−3
Swiss Reinsce	3,300	−20
Do. Ptg.	582	−10
Swiss Volksbk	1,550	—
Union Bank	3,460	+10
Do. Ptg.	133	−2
Winterthur	3,880	−60
Do. Ptg.	703	−14
Zurich Ins	4,640	−40
Do. Ptg.	2,040	−60

SOUTH AFRICA

May 14	Rand	+ or −
Abercom	0.77	−0.03
AECI	17	—
Allied Tech	60	—
Anglo Am Coal	83	+1
Anglo Am Corp	129.75	+2.25
Anglo Am Gold	331	−7
Barlow Rand	40.5	+0.5
Buffels	63.75	−6.75
CNA Gallo	13	—
De Beers	98.65	+1.15
Deelkraal Gold	15.75	—
Driefontein	46.5	−0.5
East Rand Gold	13	—
Elandsrand Gold	29	+6
First Nat. Bank	28	−0.25
Free State Cons Gold	41.75	—
Gold Fields SA	85	−0.75
Hartebeest	26.85	−0.15
ISCOR	2.07	−0.01
Kinross Gold	62	+1.5
Kloof Gold	38.5	+0.35
Libanon Gold	5	−0.15
Malcor Hldgs	16.75	−0.25
Nedcor	10	−0.25
OK Bazaars	18.25	—
Palabora Mining	80	—
Rembrandt	14.25	+0.15
Rust Plat	90	+1.75
Safmarine & Ren.	36	—
Sage Holdings	7.2	−0.05
Smith (CG) Fds	32.5	—
SA Brewers	35	+1
SA Mang. Amcor	27	—
Tiger Oats	27.5	—
Tongaat Hulett	18	—
Vaal Reefs	333	+4
Western Deep	145.5	+1.5

JAPAN

May 14	Yen	+ or −
Ajinomoto	2,170	+10
Akebono Brake	940	−5
All Nippon Air	1,720	+30
Alps Electric	2,050	+10
Amada	1,720	+50
Amano	2,180	+10
Ando Construct	1,440	+40
Anritsu	2,690	−10
Aoki Corp.	1,290	+30
Arabian Oil	9,490	+100
Asahi Breweries	1,880	+30
Asahi Chemicals	931	+24
Asahi Glass	1,900	+70
Asahi Optical	885	—
Asics Corp.	812	−13
Atsugi Nylon	1,600	—
Bank Tokyo	1,430	+30
Banyu Pharm	1,370	+38
Bridgestone	1,510	+30
Brother Inds	950	+40
CSK Corp.	5,400	+50
Calpis Food	1,360	—
Calsonic Corp.	952	+17
Canon	1,760	−10
Canon Sales	4,300	+30
Casio Computer	1,620	−40
Central Finance	952	+22
Central Glass	850	−13
Chiba Bank	1,160	−20
Chiyoda Chem	2,280	—
Chiyoda Fire	1,060	+50
Chubu Elect Pwr	3,750	+230
Chugai Pharm	2,040	+20
Chugoku El Power	3,330	+180
Citizen Watch	945	+11
Daicel Chemical	891	−14
Daiichi Seiyaku	2,580	+30
Daido Steel	935	+25
Daiei	2,080	—
Daifuku	2,800	+10
Dai'ichi Kan Bank	2,440	+50
Daikin Inds	1,870	−10
Daikyo Kanko	3,460	+80
Daimaru	1,520	+10
Dai Nippon Ink	753	+23
Dai Nippon Pntr	2,730	−90
Dai Nippon Ptg	1,940	+20
Dai Nippon Toryo	840	+20
Daishowa Paper	3,350	−10
Dai Tokyo F&M	1,170	+60
Daiwa Bank	1,490	—
Daiwa House	2,250	+40
Daiwa Sec	1,640	+80
Denny's	3,640	+20
Diesel Kiki	983	−7
Dowa Fire & Mar	1,060	+20
Dowa Mining	1,060	+10
Ebara	1,860	−20
Eisai	1,860	—
Ezaki Glico	1,340	+50
Fanuc	7,380	+130
Fudo Construct	1,190	+30
Fuji Bank	2,880	+100
Fuji Electric	993	−7
Fuji Film	4,150	−10
Fuji Fire & Mar	1,110	—
Fuji Heavy Ind	709	+12
Fujikura	955	+15
Fujisawa	2,090	−10
Fuji Spinning	818	+44
Fujita Tourist	4,310	−50
Fujitsu Ltd	1,430	—
Furukawa Elect	885	−15
Gakken	2,160	—
Gen Sekiyu	1,400	+60
Godo Shusei	1,800	—
Green Cross	1,720	−30
Gun-Ei Chem	1,490	−10
Gunze	1,140	+60
Hankyu Corp.	1,020	+10
Hanshin El Rail	890	+10
Haseko	1,240	+30
Hattori Seiko	5,250	+10
Hazama-Gumi	1,340	—
Heiwa Real Est	1,560	+60
Hino Motors	1,140	+60
Hirose Electric	6,310	—
Hiroshima (Bank)	1,270	+20
Hitachi	1,610	+20
Hitachi Cable	1,100	−10
Hitachi Credit	1,580	+50
Hitachi Koki	2,170	−30
Hitachi Maxell	3,240	−40
Hitachi Metals	1,480	−30
Hitachi Sales	1,050	—
Hitachi Zosen	863	+8
Hokkaido Elect.	3,370	+180
Hokkaido Takush	1,200	+40
Hokuriku El Pwr	3,310	+120
Honda	1,830	—
Honshu Paper	2,050	+120
House Food Ind	2,280	—
Hoya	2,940	+40
IHI	1,070	+40
Ihara Chemical	1,000	+10
Ikegami Tsush	1,850	+20
INAX	1,830	−20
Indl Bank Japan	4,370	+190
Iseki & Co.	1,000	+31
Isetan	3,790	−60
Ishihara Sangyo	788	+6
Isuzu Motors	1,110	−38
Itoh (C)	908	+20
Itoham Foods	1,280	+40
Itoman & Co.	1,380	—
Ito Yokado	4,130	+90
Iwatsu Electric	1,120	+50
Izumiya	2,700	+150
JGC Corp.	2,630	+150
J E O L	1,330	−50
Janome Sew Mach	4,180	+180
JAL	18,300	−300
Japan Metals	1,630	—
Japan Radio	2,730	+10
Japan Steel Wks.	899	+16
Jap S Battery	990	+1
Japan Synth Rbr	1,050	+10
Japan Wool	2,230	+130
Jujo Paper	845	+15
Jusco	2,070	+10
Kagome	1,670	—
Kajima	1,780	+20
Kaken Pharm	1,950	+100
Kandenko	3,850	+40
Kanebo	764	+22
Kanegafuchi Chm	973	+8
Kanematsu Corpn.	985	+55
Kansai Elect Power	3,910	+220
Kansai Paint	1,190	+60
Kao Corp	1,550	+30
Kashiyama	2,030	+50
Kawasaki Heavy	886	+13
Kawasaki Kisen	899	+19
Kawasaki Steel	628	+18
Keihin Elec Exp	1,210	+10
Keio Teito Elec	1,130	+10
Kikkoman	1,380	+30
Kinki Elec Cons	3,600	—
Kinki Nippon Rl	1,110	+40
Kirin Brewery	1,890	+40
Kobe Steel	630	+14
Koito Mfg	3,130	—
Kokusai Electric	4,890	+10
Kokuyo	4,260	+20
Komatsu	1,120	—
Konica	1,400	+70
Korakuen	3,750	+30
Koyo Seiko	1,240	+40
Kubota	1,090	+30
Kumagai-Gumi	1,120	—
Kumiai Chemical	1,050	−20
Kurabo Inds	994	+96
Kuraray	1,450	+10
Kureha Chemical	975	+29
Kurita Water	2,180	+30
Kurosaki Refrac	2,030	+30
Kyocera	7,650	+10
Kyodo Shiryo	810	+30
Kyotaru	2,090	−100
Kyowa Bank	1,270	+10
Kyowa Hakko	1,370	+20
Kyushu Electric	3,290	+90
Lion	1,060	−20
Long Term Cred.	19,500	—
Maeda Corp	1,920	−20
Makino Milling	1,580	+40
Makita Elect Wk	2,360	+20
Marubeni	845	+20
Marudai Food	1,340	+10
Marui	3,100	+30
Maruichi Steel	2,080	−40
MEI	2,230	−20
Matsu Elect. Wks.	2,120	+50
Matsushita Koto	2,450	−60
Matsushita Refrig	1,610	+38
Mazda Motors	875	+6
Meiji Milk	910	+4
Meiji Seika	966	−13
Mikuni Coca Cola	3,090	−50
Minebea	1,060	+30
Minolta Camera	968	−12
Misawa Homes	2,450	+40
M'bishi Bank	2,470	+70
M'bishi Belting	1,260	−20
M'bishi Corp	1,500	+50
M'bishi Elec	992	−18
M'bishi Estate	1,700	+10
M'bishi Gas Chem	795	+15
MHI	1,018	+31
M'bishi Kasei	792	+14
M'bishi Metal	878	+22
M'bishi Mits Cmt	766	+8
M'bishi Oil	1,190	+20
M'bishi Paper	920	+6
M'bishi Petchem	1,250	+40
M'bishi Plastics	930	+44
M'bishi Rayon	755	+22
M'bishi Steel	1,650	+100
M'bishi Tst	2,200	+100
M'bishi Warehse.	1,750	+30
Mitsui Taiyo Kobe	2,210	+20
Mitsui Co.	990	+10
Mitsui Eng Ship	955	+5
Mitsui Mng & Sm	794	+19
Mitsui OSK Line	890	+1
Mitsui Petchem	1,270	+20
Mitsui Real Estate	1,930	+20
Mitsui Toatsu	780	+12
Mitsui Tst & Bkg	1,660	+60
Mitsui Warehse	1,340	+20
Mitsukoshi	1,910	+20
Mitsumi Elect	1,200	−20
Miyaji Iron Wks	970	+1
Mizuno Sporting	1,840	+40
Mochida Pharm	3,950	+20
Morinaga Milk	860	+20
Mori Seiki	3,840	+10
Murata Mfg	2,810	−10
NEC	2,160	+40
NGK Insulators	1,530	—
NGK Spark Plug	1,450	+10
NHK Spring	840	+34
NKK Corp.	660	+17
NOK Corp.	1,300	+60
NTN Toyo Brg	945 xc	+10
Nachi Fujikoshi	994	+40
Nagasakiya	4,500	—
Nagase	1,300	+40
Nagoya Railroad	1,040	+30
National House	1,720	+20
Nichii	2,760	−50
Nichirei	1,090	−10
Nihon Cement	1,020	+26
Nihon Kosan	829	+25
Nihon Parkeriz.	1,200	−20
Niigata Eng	840	+6
Nikko Sec	1,360	+70
Nikon Corp.	1,420	+10
Nippon Cred Bnk	16,500	+200
Nippon Denko	919	—
Nippon Denso	2,150	—
Nippon Elect Gl	2,760	+20
Nippon Express	1,180	+10
Nippon Fire	1,200	+30
Nippon Flour	898	+13
Nippon Hodo	2,870	−20
Nippon Kayaku	1,190	−20
Nippon Lt Metal	908	+25
Nippon Meat Pack	1,810	−10
Nippon Mining	1,090	—
Nippon Oil	1,240	+20
Nippon Paint	1,070	+30
Nippon Road	1,840	—
Nippon Sanso	904	+4
Nippon Seiko	1,100	+20
Nippon Sharyo	1,440	—
Nippon Sh Glass	982	+6
Nippon Shinpan	1,240	+30
Nippon Shinyaku	1,700	—
Nippon Soda	1,070	+72
Nippon Stainless	1,030	+40
Nippon Steel	629	+18
Nippon Suisan	796	+1
Nippon TV	34,000	+300
Nippon Yakin	928	+38
Nippon Yusen	920	+12
Nippon Zeon	954	+6
Nishimatsu Cons	1,340	+10
Nissan Diesel	932	+12
Nissan Motor	1,150	+10
Nissei Sangyo	2,210	−30
Nisshin Flour	1,590	+40
Nisshin Oil	1,200	+10
Nisshinbo Inds.	1,410	+40
Nissho Iwai	895	+12
Nissin Electric	1,520	+30
Nissin Food	3,350	+70
Nitsuko	1,480	—
Nitto Boseki	848	+32
Nitto Elect Ind	1,640	+20
Nomura	2,430	+130
Noritake	1,540	—
Odakyu Elec Rly	1,240	—
Ohbayashi-Gumi	1,620	+20
Oji Paper	1,240	+20
Oki Electric	1,010	—
Okuma Mach	1,590	+40
Okumura-Gumi	1,840	—
Olympus	1,590	—
Omron Corp.	2,730	−50
Onoda Cement	838	+20
Ono Pharm	6,110	−60
Orient Corp	1,380	−10
Orix Corp.	4,900	+350
Osaka Gas	765	−9
Penta Ocean Con	1,240	—
Pioneer	5,930	−90
Prima Meat Pack	830	+8
Renown	1,040	−10
Restaurant Seibu	2,020	+50
Ricoh	1,150	−30
Royal Co	2,470	+40
Ryobi	872	+7
Saitama Bank	1,410	+60
Sanden	1,190	—
Sankyo	2,490	+50
Sanraku	1,290	+30
Sanrio	6,150	−20
Sanwa Bank	2,260	+30
Sanwa Shutter	1,920	+20
Sanyo Elect	925	−8
Sanyo Kokusaku	795	+5
Sapporo	1,580	+50
Secom	6,370	+20
Seibu Railway	5,300	+310
Seino Transport	2,000	+20
Seiyu	2,180	—
Sekisui Chem	1,500	+30
Sekisui House	2,050	+70
Settsu	1,100	+30
Seven-Eleven	7,400	−100
Sharp	1,750	+20
Shikoku El Pwr	3,280	+120
Shimizu Corp.	1,350	+30
Shin-Etsu Chem	1,680	+20
Shionogi	1,560	+40
Shiseido	2,170	+30
Shochiku	4,210	−30
Shokusan Jutaku	1,110	+10
Showa Aluminium	1,000	+20
Showa Denko	802	+20
Showa Elec Wire	960	+25
Showa Sangyo	796	−6
Showa Shell Sek	1,320	—
Skylark	2,940	+30
Snow Brand Milk	1,080	+10
Sony	8,680	−30
Stanley Electric	1,120	—
Sumitomo B'lite	830	+2
Sumitomo Bank	2,750	+90
Sumitomo Cement	785	+6
Sumitomo Chem	730	+16
Sumitomo Corp	1,330	+10
Sumitomo Elect	1,530	+20
Sumitomo Heavy	988	+21
Sumitomo Light M	820	+37
Sumitomo Marine	1,210	+40
Sumitomo Met In	636	+13
Sumitomo Met Mng	1,540	−10
Sumitomo Realty	1,630	+10
Sumitomo Tr & Bk	2,050	+100
Sumitomo W'hse.	1,070	+20
Suzuki Motor	912	−7
TDK	6,790	−90
Taisei Corp	1,300	+10
Taisho Marine	1,210	+40
Taisho Pharm	2,310	−30
Taiyo Fishery	750	+15
Takaoka Elect.	1,270	−10
Takara Shuzo	946	+11
Takashimaya	3,050	+100
Takeda	1,840	+20
Tanabe Seiyaku	1,430	+10
Teijin	793	+13
Teikoku Oil	1,230	—
Tekken Constr.	1,480	+20
Toa Harbour Wks	1,050	+10
Tobishima	1,600	—
Tobu Railway	1,150	+10
Toei Co.	1,250	+20
Toho	32,200	+900
Tohoku Electric	3,350	+150
Tokai Bank	1,750	+30
Tokai Carbon	925	+35
Tokico	941	+11
Tokio Marine	1,600	+50
Tokuyama Soda	845	+18
Tokyo B'casting	2,920	+30
Tokyo Electric Pwr	4,670	+260
Tokyo Electron	4,040	+90
Tokyo Gas	860	+20
Tokyo Rope	1,340	−20
Tokyo Steel	3,900	+10
Tokyo Style	2,160	+40
Tokyu Car	2,990	+90
Tokyu Corp	1,760	—
Tokyu Land	1,070	+40
Tonen Corp	1,610	+10
Toppan Print.	1,890	+30
Toray	879	+24
Toshiba Elect	1,100	+10
Toshiba Eng Con	1,600	+30
Toshiba Machinery	1,180	+20
Toshoku	1,630	−40
Tosoh Corp	745	+8
Toto	2,290	+20
Toyo Construct	1,030	+38
Toyoda Aut Loom	2,900	+40
Toyo Ink	850	+7
Toyo Jozo	1,460	—
Toyo Kanetsu	1,250	+70
Toyo Seikan	3,740	+240
Toyota Motor	2,460	+20
Toyo Tire	1,310	+120
Tsubakimoto Chn	1,070	+20
Tsugami	1,270	−10
UBE Inds	720	+15
Unitika	770	+5
Victor	2,550	−30
Wacoal	1,430	—
Yamaha Corp	1,770	—
Yamaha Motor	1,150	+40
Yamaichi Sec	1,390	+60
Yamanouchi	2,830	−20
Yamatake H'ywell	2,500	—
Yamato Kogyo	1,880	−10
Yamato Trans	1,380	+30
Yamazaki Baking	1,790	+30
Yasuda Fire	1,220	+40
Yaskawa Elect.	1,030	—
Yokogawa Elect	1,610	−50
Yokohama Bank	1,330	—
Yokohama Rubber	1,210	+30
Yomiuri Land	2,880	+230
Yoshitomi Pharm	1,840	−10
Yuasa Battery	1,230	−10

AUSTRALIA

May 14	Aust$	+ or −
AFP	1.73	+0.03
AWA	0.65	—
Aberfoyle	4.90	—
Adelaide Steams	4.75	+0.3
Amcor	4.18	+0.15
Ampol Expl	2.35	—
Arnotts	4.80	+0.02
Ashton	1.60	+0.02
ANZ Group	5.16	+0.16
Aust. Gas Light	1.83	+0.11
Aust Nat Inds	1.57	+0.02
BHP	9.34	+0.02
BHP Gold	0.46	+0.02
BTR Nylex	2.90	+0.22
Bond Corp Hldgs	0.13#	—
Boral	3.38	—
B'ville Copper	1.15	—
Brambles Inds	13.25	+0.3
Bridge Oil	0.77	+0.01
Brierley Inv	1.25	+0.01
Bundaberg Sugar	4.20	−0.15
Burns Philp	3.06	+0.06
C-C Bottlers	4.50	+0.05
CRA	12.10	+0.4
CSR	5.24	+0.18
Caltex Aust.	2.20	+0.05
Coal Allied Ind	9.10	+0.1
Coca Cola AmatiI	9.92	+0.22
Coles Myer	7.66	+0.2
Comalco 'A'	4.10	+0.16
C'wealth Ind Gas	4.92	—
Crusader	0.96	—
Dominion Mng	1.36	−0.01
Elders IXL	1.91	—
Email	3.12	+0.02
Energy Res	1.95	+0.05
FAI Insurances	1.65	—
Fletcher Chllnge	3.20	—
Gen Prop Trust	2.77	+0.05
Goodman Fielder	1.52	+0.03
Hardie (J)	2.50	+0.1
ICI Aust	4.50	+0.1
Jennings Group	1.70	+0.05
Jones (David)	8.20	—

AUSTRALIA (continued)

May 14	Aust$	+ or −
Kidston Gold	2.60	+0.1
Lend Lease	12.95	+0.15
MIM	2.32	+0.05
Mayne Nickless	5.76	+0.18
Metal Manuf	2.12	+0.07
Mineproc Hldgs	0.90	—
Nat.Aust. Bank	6.38	+0.12
Newmont Aust.	0.97	−0.01
News Corp	10.50	+0.3
N Bkn Hill Peko	2.32	+0.08
Oakbridge	0.81	—
Pacific Dunlop	4.92	+0.12
Pancont'l	1.85	—
Pasminco	2.25	+0.02
Pioneer Intl.	2.15	+0.06
Placer Pacific	3.00	+0.14
Poseidon	2.35	+0.15
QCT Resources	1.46	+0.03
Renison Goldfds	8.84	+0.18
Rothmans Aust.	9.80	—
SA Brewing	2.45	+0.07
Santos	4.40	+0.12
Smith (H.)	6.00	—
Stockland Tst	2.00	+0.06
TNT	2.57	+0.08
Wesfarmers	3.66	+0.06
Western Mining	4.80	+0.11
Westfield Hldg	2.25	+0.07
Westfield Tst.	1.68	—
Westpac	5.34	+0.16
Woodside Petrol	2.93	+0.04
Wormald Intl	2.75	+0.05

HONG KONG

May 14	H.K.$	+ or −
Amoy Props.	3.02	+0.02
Bank East Asia	13.40	—
Cathay Pacific	8.50	−0.1
Cheung Kong	12.00	+0.2
China Light	12.90	−0.1
China Motor	23.70	—
Cross H'bour Tnl	14.60	+0.1
Dao Heng Hldgs	1.39	+0.02
Evergo	3.27	—
Hang Lung	4.87	—
Hang Seng Bank	19.30	—
Harbour Centre	8.10	+0.35
Henderson Inv.	1.93	−0.01
Henderson Land	7.05	—
HK Aircraft	19.40	+0.3
HK China	9.95 xc	—
HK Electric	7.60	+0.05
HK Land	7.95	+0.05
HK Realty & Tr A	4.50	+0.03
HK Shanghai Bank	5.80	—
HK Shanghai Hotels	4.85	+0.03
HK Telecomms.	5.40	+0.05
Hopewell Hldgs	2.87	—
Hutchison Wpa	10.60	+0.1
Hysan Dev	1.18	+0.01
Indust Equity P	9.30	−0.1
Jardine Math	29.20	+0.4
Jardine Strtgic	16.80	+0.1
Kowloon Motor	6.90	—
Mandarin Orient	5.90	—
New World Dev	10.40	+0.1
Realty Dev A	6.00	—
SHK Props	13.60	+0.2
Shaw Bros.	3.77	−0.03
Shell Elec.Mfg	1.63	+0.01
Sime Darby	3.20	+0.03
Sun Hung Kai Co	1.98	−0.01
Swire Pac A	17.90	—
Do. B	3.07	—
Tele B'cast	8.05	+0.05
Wharf Hldgs	7.50	+0.05
Wing On Co	6.95	−0.05
Winsor Ind	7.95	+0.05
World Intl Hldgs	3.75	—
Zung Fu	3.60	−0.02

MALAYSIA

May 14	MYR	+ or −
Boustead Hldgs	2.40	−0.01
Genting	13.00	+0.5
Hong Leong Cred	6.00	−0.05
Malayan Banking	13.00	+0.8
Malayan Utd Ind	2.15	−0.01
Multi Purpose	1.28	—
Public Bank	2.22	—
Sime Darby	3.86	−0.1

SINGAPORE

May 14	S$	+ or −
Cold Storage	4.34	—
DBS	12.90	+0.5
Fraser & Neave	9.25	+0.15
Haw Par Bros	2.70	−0.01
Inchcape Bhd	5.35	−0.05
Keppel Corp.	7.55	−0.05
OCBC	10.70	+0.2
OUB	4.66	+0.02
S'pore Air Free	20.50	+0.5
Singapore Press	8.00	+0.05
Straits Trading	3.40	−0.04
Tat Lee Bank	3.50	−0.04
UOB	5.40	+0.05

NOTES – Prices on this page are as quoted on the individual exchanges and are last traded prices. (u) unavailable. # Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

INDICES

NEW YORK

DOW JONES	May 14	May 11	May 10	May 9	1990 HIGH	1990 LOW	Since compilation HIGH	Since compilation LOW
◆Industrials	2821.53	2801.58	2738.51	2732.88	2821.53 (14/5)	2543.24 (30/1)	2810.15 (2/1/90)	41.22 (2/7/32)
Home Bonds	89.74	89.44	89.28	88.97	93.04 (3/1)	88.48 (2/5)	—	—
Transport	1180.65	1177.45	1160.74	1161.45	1201.10 (2/1)	1031.83 (30/1)	1532.01 (5/9/89)	12.32 (8/7/32)
Utilities	217.12	216.99	212.53	213.78	236.23 (2/1)	203.09 (30/4)	236.23 (2/1/90)	10.50 (8/4/32)

◆Day's High 2857.87 (2810.58) Low 2793.75 (2743.02)

STANDARD AND POOR'S	May 14	May 11	May 10	May 9	1990 HIGH	1990 LOW	Since compilation HIGH	Since compilation LOW
Composite ‡	354.75	352.00	343.82	342.86	359.69 (2/1)	322.98 (30/1)	359.80 (9/10/89)	4.40 (1/6/32)
Industrials	412.62	409.45	400.21	398.88	412.62 (14/5)	371.92 (30/1)	411.20 (2/1/90)	3.62 (21/6/32)
Financial	29.05	28.70	27.94	27.88	31.87 (3/1)	26.59 (27/4)	35.24 (9/10/89)	8.64 (1/10/74)
NYSE Composite	193.65	192.24	188.14	187.49	198.00 (2/1)	178.43 (30/1)	199.34 (9/10/89)	4.46 (25/4/42)
Amex Mkt. Value	354.34	352.50	348.92	348.53	382.45 (3/1)	342.64 (24/4)	397.03 (10/10/89)	29.31 (9/12/72)
NASDAQ Composite	441.61	438.10	433.20	431.34	460.90 (3/1)	410.72 (30/1)	485.73 (9/10/89)	54.87 (31/10/72)

	May 4	Apr 27	Apr 20	year ago (approx.)
Dow Industrial Div. Yield	4.05	4.15	4.07	3.51

	May 9	May 2	Apr 25	year ago (approx.)
S & P Industrial div. yield	3.07	3.13	3.13	3.17
S & P Indl. P/E ratio	15.20	14.85	14.72	12.82

NEW YORK ACTIVE STOCKS

Monday	Stocks traded	Closing price	Change on day
Fannie Mae	4,114,400	37⅞	−⅛
Philip Morris	3,706,400	44⅞	+⅛
Du Pont	2,593,800	40⅝	+1⅛
IBM	2,306,300	114¼	+¼
Gen. Electric	2,287,900	68½	+⅜
Am. Express	2,118,600	29¼	+½
Bristol Myers	2,078,100	60	−⅛
Texas Ut.	2,057,600	36⅝	—
Varity Corp.	1,965,000	3¼	+⅛
Exxon	1,936,500	48	+⅛

TRADING ACTIVITY

† Volume	May 14 (Millions)	May 11	May 10
New York	225.410	236.035	158.460
Amex	14.026	13.409	12.701
NASDAQ	(u)	167.564	142.487
Issues Traded	2,045	1,992	1,962
Rises	1,061	1,269	844
Falls	529	333	611
Unchanged	455	390	507
New Highs	120	81	47
New Lows	34	34	52

CANADA

TORONTO	May 14	May 11	May 10	May 9	1990 HIGH	1990 LOW
Metals & Minerals	3122.00	3138.00	3084.80	3032.50	3453.05 (4/1)	2850.80 (23/4)
Composite	3526.60	3535.00	3486.50	3464.10	4009.47 (3/1)	3334.20 (1/5)
MONTREAL Portfolio	1821.48	1832.08	1806.57	1792.72	2060.90 (3/1)	1720.25 (27/4)

Base values of all indices are 100 except NYSE All Common—50; Standard and Poor's—10; and Toronto Composite and Metals—1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds.‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable.

	May 14	May 11	May 10	May 9	1990 HIGH	1990 LOW
AUSTRALIA						
All Ordinaries (1/1/80)	1517.2	1484.6	1474.5	1477.8	1713.7 (2/1)	1434.5 (30/4)
All Mining (1/1/80)	761.1	743.3	731.1	729.4	860.8 (5/1)	715.3 (1/5)
AUSTRIA						
Credit Aktien (30/12/84)	608.36	606.22	608.57	611.83	703.29 (19/3)	526.59 (2/1)
BELGIUM						
Brussels SE (Cash Mkt) (1/1/80)	6121.81	6088.91	6085.87	6100.31	6599.43 (2/1)	5568.16 (26/2)
DENMARK						
Copenhagen SE (3/1/83)	361.68	(c)	(c)	359.97	380.47 (28/3)	352.96 (25/4)
FINLAND						
Unitas General (1975)	562.8	562.2	563.9	562.4	677.3 (23/1)	562.2 (11/5)
FRANCE						
CAC General (31/12/82)	554.18	554.63	554.87	559.83	557.60 (7/5)	492.94 (26/2)
CAC 40 (31/12/87)	2090.14	2091.85	2104.56	2103.69	2129.32 (20/4)	1888.32 (26/2)
GERMANY						
FAZ Aktien (31/12/58)	786.79	797.38	797.00	803.34	830.92 (3/4)	732.71 (24/1)
Commerzbank (1/12/53)	2279.0	2311.7	2313.5	2332.8	2414.0 (3/4)	2151.5 (24/1)
DAX (30/12/87)	1860.33	1875.03	1893.42	1896.58	1968.55 (30/3)	1756.41 (24/1)
HONG KONG						
Hang Seng Bank (31/7/64)	2976.44	2960.46	2985.42	2942.27	3067.67 (19/4)	2738.24 (1/2)
IRELAND						
ISEQ Overall (4/1/88)	1617.38	1608.94	1602.40	1604.36	1893.10 (22/1)	1582.61 (2/5)
ITALY						
Banca Com. Ital. (1972)	703.92	700.99	702.16	701.53	713.86 (17/4)	646.73 (26/2)
JAPAN						
Nikkei (16/5/49)	32042.65	31512.14	30980.26	30945.61	38712.88 (4/1)	28002.07 (2/4)
Tokyo SE (Topix) (4/1/68)	2390.92	2348.97	2312.85	2308.79	2867.70 (4/1)	2058.82 (5/4)
2nd Section (4/1/68)	3845.46	3819.82	3756.15	3704.80	4284.68 (9/2)	3313.92 (5/4)
MALAYSIA						
KLSE Composite (4/4/86)	562.83	555.26	552.20	(c)	622.20 (20/2)	518.53 (2/5)
NETHERLANDS						
CBS Ttl.Rtn.Gen.(End 1983)	259.4	254.8	253.8	254.8	269.0 (3/1)	240.1 (26/2)
CBS All Shr (End 1983)	196.0	192.5	191.8	192.7	206.3 (3/1)	184.2 (26/2)
NORWAY						
Oslo SE (2/1/83)	853.21	847.25	829.87	807.75	853.21 (14/5)	701.67 (2/1)
PHILIPPINES						
Manila Comp (2/1/85)	977.08	976.41	975.42	998.64	1160.70 (21/3)	936.57 (30/4)
SINGAPORE						
SES All-Singapore (2/4/75)	426.24	423.64	420.90	(c)	443.34 (6/2)	401.34 (30/4)
SOUTH AFRICA						
JSE Gold (28/9/78)	1736.0	1732.0	1786.0	1769.0	2230.0 (16/1)	1692.0 (25/4)
JSE Industrial (28/9/78)	2940.0	2929.0	2938.0	2931.0	3211.0 (6/2)	2794.0 (25/4)
SOUTH KOREA**						
Korea Comp Ex. (4/1/80)	734.42	762.27	771.76	793.36	928.82 (4/1)	688.66 (30/4)
SPAIN						
Madrid SE (30/12/85)	285.69	282.21	281.24	279.99	302.85 (4/1)	248.17 (2/4)
SWEDEN						
Affarsvarlden Gen. (1/2/37)	1224.0	1213.6	1199.8	1185.3	1317.88 (12/1)	1127.20 (2/4)
SWITZERLAND						
Swiss Bank Ind. (31/12/58)	777.9	782.1	773.4	761.0	787.2 (11/1)	737.6 (27/3)
TAIWAN**						
Weighted Price (30/6/66)	8275.02	8417.08	8426.41	8922.67	12495.34 (10/2)	8275.02 (14/5)
THAILAND						
Bangkok SET (30/4/75)	887.78	877.71	870.74	875.13	918.67 (5/1)	760.39 (7/2)
WORLD						
M.S. Capital Intl. (1/1/70)	(u)	510.6	498.8	498.6	571.0 (4/1)	468.3 (2/4)

**Saturday May 12: Taiwan Weighted Price: 8361.18 Korea Comp Ex. 749.08

‡ Subject to official recalculation.

Aprб Base values of all indices are 100 except: Brussels SE, ISEQ Overall and DAX—1,000, JSE Gold—255.7, JSE 26 Industrials—264.3 and Australia All Ordinary and Mining—500; (c) Closed. (u) Unavailable.

CANADA

TORONTO
Closing prices May 14

Sales	Stock	High	Low	Close	Chng
3500	AMCA Int	380	355	380	+5
5777	Abitibi Pr	$15½	15⅛	15⅛	+⅛
11200	Agnico E	$8⅝	8⅜	8⅝	+¼
78850	Albrta En	$16⅞	16⅝	16⅝	
5500	Albrta N	$16	16	16	+⅛
424282	Alcan	$26	25¾	25⅞	+½
100	Algo Cent	$14½	14½	14½	+½
219200	A Barrick	$21⅛	20⅝	21⅛	+⅛
1800	Atco I f	$10⅛	10⅛	10⅛	
138578	BCE Inc	$39¾	39⅜	39½	+⅛
8200	BCE D	38	37	37	−1
39200	BCE Mobl	$22	21⅛	21½	+1
2450	BC Sugar A	$14⅞	14¾	14⅞	+⅛
2100	BGR A	$9½	9½	9½	+⅛
1400	BP Canada	$19⅛	19	19⅛	−⅛
113347	Bk Montl	$26¾	26½	26⅝	−⅛
77469	Bk NScot	$14⅛	14	14	
60000	Balmoral	29½	28	29	−½
700	Bombdr A	$17⅛	17	17⅛	+⅛
41385	Bombdr B	$17¼	16⅞	17⅛	+¼
19500	Bow Valy	$14	14	14	
2000	Bramalea	$14½	14½	14½	
34700	Brascan A	$21⅝	21⅛	21⅛	−⅛
282433	Brkwater	225	214	219	+5
17315	BC Phone	$18	17⅞	18	
2860	Brunco	$16⅛	16	16	−⅛
400	Brunswk	$10	10	10	
369956	CAE	$6⅞	6⅝	6⅞	−⅛
10800	CCL B f	$9⅛	9	9⅛	+⅛
38300	Cambior	$14⅞	14⅝	14⅞	
28100	Cambridg	$27⅛	27⅛	27⅛	−⅛
69500	Campeau f	205	197	197	−1
14000	C Nor West	190	185	190	−4
8500	C Pcakrs	$12⅜	12⅜	12⅜	+⅛
82610	C Exprss f	48	46	46	−1
805	CG Invest	$41	41	41	+1
55884	CI Bk Com	$27½	27⅜	27⅜	−⅛
1200	C Marconi	$9½	9½	9½	−⅛
5600	C Occdntal	$19¼	19⅛	19¼	+⅛
450	CP Forest	$28½	28½	28½	+¼
367687	CP Ltd	$22¼	21⅞	22⅛	+¼
1000	C Roxy	$6¾	6¼	6¼	−¼
34722	CTire A f	$22¼	21⅞	22⅛	+⅛
3600	CUtil A f	$19⅝	19½	19⅝	+⅛
1788	Canamax o	150	150	150	−10
200	CanamA f	415	415	415	
1440	Cantel	$26¼	26	26	−½
9000	Cara	$16¼	15⅝	16¼	+⅝
35950	Cara A f	$16	15¾	16	+½
3600	Cascades	410	405	405	−5
25	Celanese	$30	30	30	
1655	Cen Capital	$9⅛	9⅛	9⅛	
24775	CenCap A	$7⅝	7⅜	7⅜	−⅛
950	CentFd A	$5⅝	5⅝	5⅝	
100	C Guar Trc	$9⅛	9⅛	9⅛	+⅛
11000	Charan	20	20	20	
8800	CHUM B f	$17¾	17¼	17¼	−¼
11350	Cineplex	$6½	6⅜	6⅜	−⅛
8600	Co Steel f	$16	16	16	+¼
105853	Cominco	$27	26⅝	26⅝	−⅛
214	C HCl A f	$12	12	12	−½
4925	Con TVX	$5½	5¼	5¼	−⅛
300	Cnsum Gas	$30¼	30¼	30¼	
10587	Conwst B	$13¼	13¼	13¼	
313800	Corona A f	$9⅛	8¾	8¾	−⅜
2400	Coscan	$10	9⅞	10	+¼
13226	Crownx A f	$5¾	5⅝	5⅝	−⅛
1600	Denison A	156	145	145	
2400	Denison B f	133	130	130	−5
15352	Dofasco	$21	20⅝	21	+⅛
408	D Textile	$12¼	12¼	12¼	+⅛
31212	Domtar	$12⅛	12	12	−⅛
3150	Du Pont A	$24	24	24	
2100	Dylex A	$8⅝	8½	8½	
196600	Echo Bay	$14⅞	14⅝	14⅞	+⅜
500	Emco	$8¾	8¾	8¾	
2600	Enfield	280	280	280	−15
18050	EquitySv A	230	225	225	−3
2256	FCA Intl	$9⅛	9	9	−⅛
1082	FPI Ltd	$5⅛	5	5	−¼
12800	Fed Ind A	$12⅝	12⅝	12⅝	−⅛
2400	Fleming L	$14⅞	14⅞	14⅞	
1000	FCity Fin	$8¾	8¾	8¾	
1200	FMarathA f	$7⅞	7⅞	7⅞	+⅛
15	Ford Cnda	$188¾	188¾	188¾	
1260	Fortis	$20½	20¼	20½	+⅛
5500	FourSeasn f	$16⅛	16	16	−⅛
1800	Franco o	$19½	19½	19½	
410	GW Util	$34¾	34¾	34¾	
48700	Galactic	335	325	335	+10
13100	Gandalf	380	375	375	+10
100	G Trstco p	$20½	20½	20½	−¼
5000	Giant Yk	$8	8	8	−⅛
8200	Glamis	230	225	230	−2
300	Goldcorp f	480	480	480	
23580	Gld Knight	$13¾	13⅝	13¾	+⅛
400	Grafton A f	450	450	450	
48880	Granges	155	145	146	−9
1300	GL Group	$19⅞	19⅞	19⅞	+⅛
700	GtW Lifeco	$13¾	13¾	13¾	−⅛
5050	Greyhnd	$32	32	32	+½
31076	Gulf Res	$16	15½	16	+⅜
200	Harris A	465	465	465	
30	Hawker	$23½	23½	23½	
108	Hayes D	$12	12	12	
41050	Hees Intl	$24¼	24	24⅛	+⅛
80400	Hemlo	$14¼	14	14⅛	−⅛
3100	Hollingr	$12¼	12	12¼	+⅛
37000	Horsham f	$10	9⅞	9⅞	−⅛
57	H BayMn s	$7	7	7	
2500	H Bay Co	$28½	28½	28½	−⅛
28508	Imasco L	$36¼	35⅞	36	−⅛
86330	Imp Oil A	$60¼	59½	60⅛	+½
414160	Inco	$32⅛	31⅝	32	+⅜
2600	Innopac	$5½	5⅜	5½	
1000	Interhome	$46¾	46½	46½	−½
16150	Inv Grp	$21¾	21⅝	21¾	+⅛
4202	Iveco A f	$10½	10	10½	+⅛
79500	Jannock	$15	14⅝	14⅞	+⅛
11100	Kerr Add	$18¾	18½	18¾	−¼
3879	Labatt	$21⅞	21⅝	21⅝	
180607	Lac Mnrls	$12⅝	12½	12½	−⅛
16912	Lafarge p	$21¾	21⅝	21⅝	+⅛
43800	Laidlaw A	$25½	25¼	25½	+⅛
387225	Laidlw B f	$25¾	25⅜	25½	+¼
800	Laur Bk	$16	16	16	
1600	Laur Gr B	$7¼	7¼	7¼	
7450	LawsnM A	$7¾	7⅝	7⅝	−⅛
754	Loblaw Co	$16	15⅞	15⅞	−⅛
11950	Lonvest	$20⅜	20⅜	20⅜	+⅜
900	MDS A	$12	11⅞	11⅞	−⅛
2400	MDS B	$11⅞	11⅞	11⅞	+¼
95050	Mac Kenzie	$8⅛	7⅞	8	+⅛
30741	Macmillan	$17½	17	17	
177400	Magna A f	375	355	365	+10
5317	Maritime f	$17	16⅝	16⅞	+⅛
2788	Mark Res	$10⅞	10⅜	10⅜	
385860	Memotec	$9¼	9⅛	9¼	
13305	Metall M	$15⅛	15	15	−¼
609	Midnd Dly	315	315	315	
23400	Mitel Corp	275	265	273	+16
20184	Molson A f	$37⅞	37¾	37⅞	+⅛
86428	Moore	$33⅜	33¼	33⅜	
208000	Muscocho	10	8	8	−1
88813	Nat Bk Can	$9¼	9	9	−⅛
855	NewTel Ent	$17¼	17¼	17¼	
22260	Noma A	$10⅛	9⅞	10	+⅞
55400	Noranda F	$10⅞	10⅝	10¾	
134284	Noranda	$19⅝	19¼	19⅜	−⅛
27837	Norcen	$26	25¾	26	+¼
28832	Norcn A f	$24½	24⅛	24½	+½
1600	NC Oils	$18⅝	18⅝	18⅝	+¼
371877	Nor Tel	$30¾	30	30⅝	+⅝
2200	Northgat	$6⅛	6⅛	6⅛	+⅛
379416	Nova f	$8⅛	7⅞	8	
86350	Nowsco W	$16⅝	16	16⅝	+⅛
1000	Numac	$7¾	7¾	7¾	+⅛
200	Ocelot B f	$7½	7½	7½	+⅛
1000	Omega Hyd	300	300	300	
2100	Onex f	$11⅞	11⅞	11⅞	
32200	Oshawa A f	$31⅛	30⅞	30⅞	
14850	PWA Corp	$11⅛	10⅞	11⅛	+½
40800	Pgurin A f	$8	7⅞	8	+⅛
3700	PanCan P	$29	29	29	+½
12150	Pegasus	$13¼	13	13¼	+¼
2300	PJewl A f	$10⅛	10⅛	10⅛	+⅛
47420	Pioneer M	27	25	25	−1
107851	Placer Dm	$19⅝	19⅝	19⅝	
6774	Poco Pet	$6⅞	6⅝	6⅝	−⅛
14488	Powr Cor f	$15¼	15⅛	15⅛	
40300	Powr Fin	$18⅞	18½	18⅞	+⅛
425	Provigo	$8¾	8¾	8¾	+⅛
1500	Que Tel	$14¼	14¼	14¼	
84800	Ranger	$7½	7½	7½	−⅛
4800	Rayrock f	$9⅛	9⅛	9⅛	+⅛
1900	Rd Stenhs S	$28	28	28	−1½
300	Reitman A f	$11¾	11⅝	11⅝	
17600	Reliance	$27½	27⅛	27⅛	−⅛
2950	Repap f	$7	7	7	−⅛
8400	Rio Algom	$20⅛	19¾	20⅛	+⅛
81030	Rogers B f	$8⅞	8⅞	8⅞	+⅛
182477	Royal Bnk	$22⅛	21¾	21⅞	−⅛
20480	Ry Trco	$14⅜	14⅜	14⅜	+¼
117000	SHL Syst	$6⅞	6⅝	6⅝	+⅛
1800	St. CemA f	$16½	16¼	16¼	−¼
100338	Saskoil	$13½	13⅜	13⅜	
41374	Sceptre	370	360	365	
11350	Scotts f	$15⅜	15⅜	15⅜	+⅛
5300	Scotts C	$15⅝	15⅝	15⅝	+¼
53824	Seagram	$99	96¼	98⅝	+2⅝
43144	Sears Can	$11⅞	11⅝	11⅞	+⅛
34382	ShawC B f	$9⅛	9⅛	9⅛	
9025	Shell Can	$38¾	38½	38½	
32000	Sherritt	$7¼	7⅛	7¼	+⅛
10450	Southam	$24½	24⅛	24½	+⅜
1000	Spar Aero f	$8⅞	8⅜	8⅜	−⅛
8030	Stelco A	$17¼	17	17⅛	
9897	TCC Bev	$11⅞	11½	11⅝	
73582	Teck B f	$25⅜	24⅞	25⅛	−⅛
100	Tembec A	$9½	9½	9½	+⅛
1000	Terra Mn	14	14	14	
99751	ThomCor	$15	14⅞	14⅞	
154136	Tor Dm Bk	$18½	18⅛	18⅛	−⅛
315	Tor Sun	$22½	22½	22½	
3958	Torstar B f	$29¼	29	29¼	+¼
56800	Total Pet	$31¼	30⅞	31¼	+⅜
91148	TrnAlta U	$13⅜	13¼	13⅜	−⅛
108180	TrCan PL	$15⅞	15¾	15⅞	
1487	Trilon A	$18	17¾	18	
4530	Trimac	$7¼	7⅛	7⅛	−⅛
20750	Trizec A f	$19¾	19⅝	19¾	−¼
1800	Trizec B	$22¼	22	22¼	+½
11988	Unicorp A	220	216	215	−5
14254	U Entprise	$12¾	12⅝	12¾	+¼
100	Un Corp	$30	30	30	−3
405800	Varity C	375	360	375	+15
28950	Viceroy R	470	460	465	−15
1200	WIC B f	$11⅝	11⅝	11⅝	
1000	Weldwood	$16⅞	16½	16½	
4850	Wst Fraser	$19⅛	19	19⅛	
9950	Wcoast E	$21¾	21⅜	21¾	+¼
2300	Weston	$39¼	39	39¼	+½
6360	Woodwd A	160	150	160	

f—No voting rights or restricted voting rights.

MONTREAL
Closing prices May 14

Sales	Stock	High	Low	Close	Chng
1586	BombrdrA	$17¼	16¾	17¼	+¼
150749	BombrdrB	$17¼	16¾	17⅛	+¼
7100	Cambior	$14¾	14½	14½	−¼
9401	Cascades	4.50	4.05	4.10	
10308	DomTxtA	$12¼	12¼	12¼	
5100	Memotec	$9¼	9⅛	9⅛	
304524	NatBk Cda	$9¼	8⅞	8⅞	−⅛
14343	Noverco	$14¾	14⅝	14⅝	
43616	Power Corp	$15¼	15⅛	15⅛	−⅛
54035	Provigo	$8¾	8½	8⅝	+⅛
300	Quebcr A	$11¾	11¾	11¾	−⅛
840	Quebcr B	$10⅛	10⅛	10⅛	
3300	Videotron	$11⅛	11⅛	11⅛	

Total Sales 6,270,154 shares.

TOKYO - Most Active Stocks
Monday May 14 1990

	Stocks Traded	Closing Prices	Change on day
Nippon Steel	46.2m	629	+18
Nippon Mining	45.2m	1,090	0
MHI	35.2m	1,010	+31
NKK	29.8m	660	+17
Kurabo Inds	16.8m	994	+96
Mitsui Eng&Shp	15.4m	955	+5
Kawasaki Steel	13.8m	628	+18
Hitachi	12.9m	1,610	+20
Marubeni	11.3m	845	+20
C.Itoh	8.5m	908	+20

AMEX COMPOSITE PRICES

4pm prices May 14

Stock	Div.	P/E	Sls 100s	High	Low	Close	Chng
AT&E			826	17⅛	16⅝	16⅞	−⅛
ATT Fd	2.18e		168	58¼	56⅞	58	+1⅛
Acton		3	1	11⅝	11⅝	11⅝	−⅛
AirExp		10	80	17⅛	17	17⅛	+⅛
AlbaW		7	14	6⅝	6⅝	6⅝	+⅛
Atlis			155	2⅜	2⅛	2⅛	−⅛
Allstar			112	1⅝	1½	1½	−⅛
Alphain			55	2⅜	2⅜	2⅜	
Alza		88	1482	39⅞	39⅛	39⅞	+⅜
Amdhl	.10	12	5873	15⅛	14⅞	15	+⅛
Amrael	.27e	12	16	u22	21⅞	22	+⅝
AMzaA	.64		42	18⅞	18⅝	18⅝	−⅛
AMzaB	.64		5	19⅛	19⅛	19⅛	+⅛
AMBld		31	42	5-16	5-16	5-16	+1-16
APetI	3.20	12	2	78⅞	78¼	78⅞	
APrec	.20	26	55	20	19½	20	
AScIE			80	6⅛	6	6⅛	+⅛
AmBwM	.48e	8	219	3⅞	3⅜	3⅜	
Ampal		33	46	2	2	2	
ArizCm			80	⅛	⅛	⅛	+1-16
Armtrn		9	10	2⅜	2⅜	2⅜	−⅛
Astrotc			3	1⅞	1⅞	1⅞	−⅛
Atari		73	816	6⅛	5	6⅛	
AtlsCM		5	111	1⅝	1½	1⅝	+⅛
Audvox			66	3⅞	3⅞	3⅞	
— B-B —							
B HO	3.20e	4	213	13⅝	13	13½	+⅜
BAT In	1.20e	10	7826	11 11-16	11½	11 9-16	−3-16
BSN			47	6⅜	5⅝	6⅛	+⅛
Banstr g			25	7½	7⅛	7⅛	+⅛
BaryRG		20	13	5⅜	5⅜	5⅜	+⅛
Baruch			27	7⅛	6⅞	6⅞	−⅛
BayMen	.25e	35	7	16⅞	16½	16⅞	+⅛
Beard		513	10	6⅛	6⅛	6⅛	
BergB s	.40	15	573	26⅞	25⅝	26⅝	+1⅛
BicCp	1.12a	15	18	28⅞	28¼	28⅞	
BinkMf	1.20	12	43	39⅞	39⅛	39⅞	+⅛
BioR B		16	2	u20	20	20	+⅜
BioR A		16	169	u20¼	19⅝	19⅞	−⅛
BlountA	.45	7	34	11⅞	11⅞	11⅞	
BolrPh	.04		2045	8	7½	7½	−⅝
BowVal	.24		2	11¾	11¾	11¾	
Bowmr			12	13-16	13-16	13-16	
Bowne	.25	21	542	10½	10⅜	10½	
Brscn g	1.04		105	18⅛	18	18	−⅛
— C-C —							
CMI Cp			181	2¼	2⅛	2¼	
CalEng		25	899	9¾	9½	9¾	
Calprop	.65t	8	52	8½	8½	8½	
Cdarc g	.28	26	2	8⅜	8⅜	8⅜	
CarnCr	.48	16	1124	20⅞	20¼	20⅜	−⅝
CasuIA s	.65	13	20	13⅝	13⅝	13⅝	+¼
CFCda	g.01e		83	5	4 15-16	4 15-16	+1-16
ChDvB	.01e	42	36	u46¼	44¼	46	+1¼
CDvA wi			39	u22⅞	22½	22¾	+½
ChDevA	.01e	42	349	u45⅞	44⅝	45¼	+⅝
ChpEn			170	2⅞	2⅞	2⅞	−⅛
ChtPwr	.11	9	5	5⅜	5⅜	5⅜	−⅛
ChRv	1.20a	12	2	22⅝	22⅝	22⅝	+⅛
Comint	.50e	17	1	22½	22½	22½	
Cmprc		7	50	2⅛	2	2	−⅛
ConcdF		4	40	5⅜	4⅞	5⅛	+⅛
ConcF B		4	10	5⅛	5⅛	5⅛	
Conqst			155	2	1⅞	2	
Constn			36	1⅛	1	1	−⅛
ContMtl			4	14⅛	14⅛	14⅛	−⅛
Coron g	.05e		282	7⅝	7⅜	7⅜	−⅛
Cross	1.24	15	219	29¾	28⅞	29⅜	+⅞
CrnCP	.80e	16	42	32⅞	32⅝	32⅞	+⅛
CrCPB	.80e	15	175	31⅞	31⅝	31⅝	
Cubic	.48	8	487	u21⅞	21⅛	21⅞	+⅛
Custmd		8	588	⅜	⅜	⅜	−1-16
CyprFd			110	9	8⅞	9	
— D-D —							
Df Ind			210	1⅞	1⅝	1⅞	−⅛
DWG			382	10⅛	9⅞	9⅞	−⅛
DataPd	.16		130	9⅞	9⅞	9⅞	
Delmed			857	⅝	5-16	5-16	
Dsgntm			27	2⅞	2⅝	2⅝	+⅛
Diodes			20	1⅝	1½	1⅝	+⅛
Ducom		30	172	4½	4⅛	4⅛	−⅛
Duplex	.76	10	18	18⅞	18⅞	18⅞	+⅛
— E-E —							
EAC			5	⅜	⅜	⅜	+1-16
EastnCo	.58	19	x2	19⅛	19⅛	19⅛	−⅛
Estgp	2.90e	3	15	18⅛	d18	18⅛	
EchoBy	.07	123	1822	12½	12¼	12¼	
EcolEn	.16	18	170	16½	16⅛	16⅜	−⅛
Elsinor			4281	7-16	⅜	7-16	+1-16
ENSCO		24	5100	4⅝	4⅝	4⅝	
EntMkt			14	1⅝	1⅝	1⅝	
Espey	.60	11	3	17⅞	17⅞	17⅞	+⅛
— F-F —							
FAusPr	1.08a		897	8 15-16	8⅞	8⅞	−1-16
FischP	.88t	19	6	12	11⅞	12	
Flanigan			54	3⅛	3	3	−⅛
Fluke	.32	8	111	23⅝	23⅛	23⅝	+⅛
ForstL		28	2268	41⅛	38⅞	40⅞	+2⅛
FrdHly	.11	15	146	15⅜	15⅛	15⅛	+⅛
FreqEl		11	24	7⅛	7⅛	7⅛	
FruitL		11	3594	14⅛	13⅞	13⅞	−⅛
FurVit			20	1⅛	1⅛	1⅛	+⅛
— G-G —							
GRI			1	5¼	5¼	5¼	
GTI		13	10	2⅜	2⅜	2⅜	
GiantFd	.60	18	1482	29⅛	28⅝	29	+⅛
GntYl g			25	7⅛	7	7	−⅛
Glatfltr	1	11	126	40¼	39¾	40¼	+¼
GlobNR		64	708	7⅛	6⅞	7	
GldFld		5	81	½	7-16	½	+1-16
Grenm		13	423	5⅜	5	5⅜	+⅛
Greinr s	.20	16	x162	16⅛	15⅞	16	+1
GCda g	.40		484	13⅞	13¼	13⅝	+¼
— H-H —							
Hamptl	1.27t	21	12	7⅞	7⅞	7⅞	
Hasbro	.16	13	1449	19⅞	18¾	19⅜	+1
HlthCh			22	1⅛	1⅛	1⅛	−⅛
Hlwst		2	74	2½	2⅜	2⅜	−⅛
Heico	.10	16	170	9⅞	9⅛	9⅜	
HeritEn			173	1½	1⅜	1⅜	−⅛
HershO			213	5⅞	5⅜	5⅞	+⅛
Hilhav n			3293	1⅛	1	1	
HollyCp	.40a	8	18	25⅛	24⅞	24⅞	
HomeSh			921	7⅛	6⅞	6⅞	−¼
HmHar			412	4½	4⅜	4½	
HovnEn		5	103	5⅜	5⅛	5⅜	+¼
— I-I —							
ICH			2489	3⅝	3⅜	3½	+⅛
ISS	.24	18	123	10⅝	10½	10½	+⅛
ImpOil	g1.80		676	51¼	50⅞	51	+¼
InstSy		9	1077	1½	1⅜	1½	+⅛
InsSy	pl.25e		11	2⅜	2⅜	2⅜	−⅛
IntlgSy			117	2⅛	2	2⅛	−⅛
Intmk	.12		20	7⅛	d 6⅞	6⅞	−⅜
InBknt		6	32	2⅝	2⅛	2⅛	−¼
IntTch			1712	3⅛	2⅛	2⅞	
IntThr			67	⅜	11-32	⅜	+1-32
— J-K —							
JanBell		13	1836	10⅛	9⅞	9⅞	−⅜
Jetron			20	1⅜	1⅜	1⅜	−⅛
Kinark		8	31	5⅜	5⅛	5⅜	
Kirby	.10e	20	182	9½	9⅛	9⅛	+¼
— L-L —							
LaBarg			1	11-16	11-16	11-16	−1-16
LdmkSv	.07j		96	6⅝	6½	6⅝	−⅛
Laser			807	u 6⅞	4⅞	4⅞	−⅛
Latshaw	.40a	108	10	14	14	14	+⅛
Lawson	.40		2	6⅝	6⅝	6⅝	
LeePhr			22	1½	1½	1½	
Lilly un			60	½	3-16	¼	+1-16
Lionel		104	827	3⅛	2⅞	3⅛	
Lumex	.08	17	24	9	8⅞	8⅞	+⅛
LynchC		17	10	24	23¼	24	+1
— M-M —							
MSR			153	2⅜	2⅛	2⅛	−⅛
MagnC		4	1094	5½	5⅛	5⅜	
MatSci			4	11⅝	11½	11½	−⅛
Maxam		2	373	37½	36½	36⅞	−⅞
Media	.44	64	422	28½	28⅛	28⅜	+⅜
Mdcore			2	1⅞	1⅞	1⅞	
Mem	.20		1	9⅛	9⅛	9⅛	−⅛
MichStr			58	5⅛	5	5	−⅛
MissnW	.36		3	u 9⅛	9⅛	9⅛	+¼
MichIE	.32	28	103	18⅞	18⅛	18⅛	
MoogB		12	3	11⅞	11⅜	11⅜	
MoogA		7	108	6¾	6⅝	6⅝	
— N-N —							
NVR	.67e	3	887	2⅞	2⅝	2⅞	+⅛
Nabors		43	1071	u 5⅞	5⅝	5⅝	
NtPatnt			608	5½	5	5⅜	+¼
NtRty			50	4⅞	4⅝	4⅝	−⅛
NewLine			184	11⅛	10⅞	10⅞	−⅛
NMxAr			5	9¼	9¼	9¼	+⅛
NY Tim	.52	33	1677	23⅞	23¼	23¼	−¼
NCdO g	.20		5	13½	13½	13½	−⅛
Numac			1	6½	6½	6½	
—O-P-Q—							
OEA		18	59	48½	48⅛	48½	+⅝
OMI	.05e	9	363	9⅛	9	9	−⅛
Olsten s	.24	14	171	16⅞	16	16½	+½
OOkiep	1.76e	3	27	10	9⅞	9⅞	−⅛
PaBCp	.56	22	617	33⅝	33¼	33⅜	−½
PegGld	.10e	30	821	11⅛	10⅞	11⅛	
PeopBc	.58	9	8	15⅞	15⅜	15⅜	
PerlnIC	.80	10	13	24¼	d24	24	−¼
PtHeat	1.70		3	12¾	12¾	12¾	
PhILD	.14e	6	241	12¾	12⅝	12¾	
PitDsm	.80	16	11	u33	32¼	33	+1
Pitway	n.60e	16	9	36	35⅞	36	+⅛
Pitwy A	.70	12	340	28¼	28	28¼	+½
PlyGem	.12	15	281	8¼	7⅞	8¼	+⅝
Presd A	.10		126	6½	6¼	6¼	
PrcCm s			161	4	3⅞	3⅞	−⅛
Prism		9	20	2⅞	2⅞	2⅞	−⅛
ProMed	.42	9	62	5	5	5	
ProtCre		15	14	5	4⅞	5	−⅛
— R-R —							
RBW			120	6½	6¼	6½	+⅛
ReCap		11	31	14	13¾	14	+⅛
Riedel			11	13⅛	13⅛	13⅛	−⅛
Rogers	.12	41	30	23½	22⅞	23½	+½
Rudick	.40a	12	107	29⅝	29	29¼	
— S-S —							
SJW	1.86	15	8	24½	24⅜	24⅜	+⅛
Salem		7	10	9⅞	9⅝	9⅝	−¼
Scheib	.36	65	30	13	13	13	−⅛
SbdCp	.50	10	0	134	134	134	+2
SbssA	.24	20	1461	16⅞	16¼	16⅜	
SoUCo n			548	16	15½	15⅞	+⅜
Spelling		27	141	7⅝	7⅜	7⅜	−⅛
StarlEl	.08e	275	50	2⅛	2⅛	2⅛	
StrutW			93	⅜	⅜	⅜	−1-16
Synaloy	.40	6	7	7⅝	7½	7½	
— T-T —							
TIE			506	¾	11-16	11-16	−1-16
TII			20	1⅜	1⅜	1⅜	
TabPrd	.20	21	93	u16⅜	16⅛	16¼	+¼
TandyB		15	387	23⅞	23⅜	23⅞	+⅜
TelDta	.28	77	879	38¼	36¼	37⅞	+2
Teleph		24	1455	5⅜	5⅜	5⅜	+⅛
TexAir			2175	7⅜	6⅝	6⅞	−⅜
Thrmd		97	213	13⅞	13½	13⅝	
Thrlns		19	661	14½	13¾	14	
TotlPet	.60	25	789	28½	28½	28½	+¼
TwCty		9	181	5¼	5⅛	5⅛	−⅛
TubMex			734	5⅞	5½	5⅞	+¼
— U-U —							
Unicorp			18	¾	11-16	¾	
UFoodA	.23e	8	655	3	2⅞	3	+⅛
UFoodB	.20e	7	244	2⅞	2⅛	2⅞	+½
US Cell			248	24½	23½	24½	+1⅜
UnvPat			72	5½	5⅜	5½	
— V-W —							
ValFrg	.30	10	1	9⅝	9⅝	9⅝	−⅛
VtRsh			10	1½	1⅜	1⅜	−⅛
WangB			2055	4⅞	4⅞	4⅞	+⅛
WangC			17	6¼	6⅛	6⅛	−⅛
Wthfrd			1683	u 7½	7⅛	7⅛	+⅛
Wellco	.25	7	40	18¼	18⅛	18¼	+1⅛
WellAm			73	9-16	½	½	−⅛
WAmBc	.44	14	48	22½	21¾	22	−⅛
WDigtl		19	2368	12⅝	12¼	12½	+¼
WIRET	1.44	15	68	17¼	17⅛	17⅝	
Worthn		10	22	12¾	12⅛	12⅛	−⅛

4pm prices May 14

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
		- A - A - A -								
37½	20¼	AAR	.48	2.2	13	1048	22¼	21½	22	+ ⅛
9⅞	8	ACM n	1.01	12.		225	8½	8⅜	8½	+ ⅛
11⅝	9⅞	ACMIn	1.26	13.		2301	10	d 9⅞	10	+ ⅛
9⅞	7¼	ACM M	n1.01	13.		457	7⅞	7⅝	7⅞	+ ¼
12¼	11⅛	ACMMM				x139	11¼	d11	11⅛	
11½	9⅛	ACM Sc	1.26	13.		2342	9⅞	9⅝	9⅞	+ ⅛
9⅞	8⅛	ACMSp	1.01	12.		477	8½	8⅜	8⅜	+ ⅛
22⅝	14⅞	AL Lab	.16	.7	19	242	21⅞	21⅝	21¾	+ ¼
4⅛	3	AMCA	.20e	6.7	9	20	3	3	3	- ⅛
6¼	2⅛	AM Intl			8	2161	2⅞	2⅛	2½	+ ⅛
23⅛	11⅛	AM In pf	2	18.		109	11½	d11	11⅛	- ⅛
107¼	52½	AMR			13	7664	66⅞	65½	65⅞	+ ⅝
27	25	ANR pf	2.67	11.		1	25⅞	25⅞	25⅞	
4⅛	3	ARX				137	3½	3⅛	3½	
72⅞	39	ASA	3a	6.2		x979	49⅝	48⅞	48⅝	- ½
70⅞	56¼	AbtLab	1.68	2.4	18	5331	d71½	70⅜	71⅛	+ ½
35⅛	27⅞	AbtLb wi				38	u36⅛	36⅛	36	+ ⅜
17⅛	11⅛	Abitibi g	.50			159	12⅞	12⅛	12⅞	+ ⅛
13	8⅛	AcmeC	.40	4.3	11	326	9⅝	9⅛	9⅛	- ⅛
9⅛	7⅞	AcmeE	.32	3.7	11	5	8⅛	8⅝	8⅛	+ ⅛
39	29⅛	Acuson			23	1759	u40	38⅞	39	
16½	13⅞	AdaEx	2.06e	13.		176	16⅞	16	16½	+ ⅛
16⅞	8⅞	Adobe				61	11⅛	11⅝	11⅞	+ ⅛
20¼	17⅛	Adob pf	1.84	9.7		20	19	18⅞	19	+ ⅛
21⅝	20⅛	Adob pf	2.40	12.		6	20⅛	20½	20½	
10½	6⅞	AMD			21	13873	10	9⅞	9⅞	+ ⅛
35	28⅛	AMD pf	3	10.		44	29⅞	29⅛	29⅞	+ ⅜
10⅛	4⅛	Advest	.16	3.6	56	363	4½	4⅜	4½	+ ⅛
62½	45¼	AetnLf	2.76	5.3	9	2870	52½	51½	52¼	+ ⅝
14	9⅛	AffilPb	.24	2.4		1299	10⅛	9⅞	10	+ ⅛
25	16⅛	Ahmans	.88	4.7	9	4378	19	18½	18⅞	+ ⅜
3⅝	1⅞	Aileen				27	2⅛	2	2⅛	+ ⅛
65	40	AirPrd	1.32	2.4	14	2898	54½	53⅝	54	+ ⅛
48⅝	25	AirbFrt	.60	1.3	15	1343	45⅞	44⅞	45⅛	+ ⅜
25⅛	15½	Airgas			16	526	16⅞	16⅛	16⅞	+ ⅝

Continued on Page 47

NYSE COMPOSITE PRICES

Continued from previous Page

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
17½	12	Phlcorp			7	86	13¼	13	13⅛	− ⅛
29⅝	23⅞	PiedNG	1.68	5.9	10	343	28¼	27½	28¼	+ ⅞
14¼	9½	Pier 1	.16	1.3	17	1040	12½	12¼	12⅜	+ ⅛
10⅜	8¼	PilgRg	1.06e	12.		250	8⅝	8½	8⅝	+ ⅛
11¼	8	PilgPr	.06	.7	6	89	8⅝	8⅜	8½	
14⅜	5	PinWst				2898	13⅛	12⅞	13	+ ⅛
54¾	40¼	PitnyBw	1.20	2.5	20	2039	49	47⅞	48⅞	+1
21⅞	15⅝	Pittstn	.20	1.1		2167	18⅞	18	18½	+ ¼
21½	12¼	PlcrD g	.30			4519	16½	16	16	− ⅜
40½	28⅜	PlainsP	.10e	.3	18	154	32¼	31¼	31¼	+ ¼
18⅝	12½	Playboy				3	12¾	12⅝	12⅝	− ¼
27¾	20¼	PlumC	n2.80	10.		1999	27	26½	26¾	+ ¼
10¼	6	PogoPd				145	7⅝	7⅜	7⅝	+ ⅛
50⅜	36⅞	Polaroid	.60	1.4	21	980	43⅞	43½	43⅝	
20⅜	15¼	Polygr n				48	20⅜	20⅛	20⅛	− ⅛
29¾	21¾	PopeTal	.72	3.0	6	140	24	23⅝	23⅞	+ ⅛
8⅞	2¼	Portec			55	17	3½	3⅜	3⅜	− ⅛
25½	15⅝	PortGC	1.20	7.0		421	17⅛	17	17⅛	+ ⅛
29⅛	25¼	PorG	pf2.60	10.		1	26½	26⅛	26⅛	− ¼
20¼	10⅞	Portgl	n.08e	.6		591	13⅞	13½	13⅞	
16¼	10¾	Potash	g.18e			19	12¼	12¼	12¼	+ ⅛
42⅝	32	Potlch	1.20	2.9	9	679	42⅛	41⅝	41⅞	
24¼	19⅞	PotmEl	1.52	6.9	11	2874	22	21⅝	21⅞	+ ½
45	38¼	PotEl	pf3.37	8.0		1	42¼	42¼	42¼	+1½
38¼	25	PrecCst	.08	.3	17	231	28¼	27⅞	28¼	+ ½
42	19⅞	Premrk	.84	4.1	10	638	20½	20¼	20½	+ ¼
27¼	19¼	Premr e	.40	1.5	21	311	26⅝	26	26⅛	− ⅛
19⅞	17⅞	Pride n				125	19½	19¼	19⅜	− ⅛
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. [illegible]

NASDAQ NATIONAL MARKET

3pm prices May 14

Stock	Div.	Sales 100s	High	Low	Last	Chng
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FINANCIAL TIMES

Tuesday May 15 1990

AMERICA

Euphoric mood pushes Dow to record highs

Wall Street

EUPHORIA from Friday's stock market rally coupled with wide-spread belief that interest rates had peaked helped push the Dow Jones Industrial Average to a record high in spite of profit-taking late in the day, *writes Karen Zagor in New York.*

The Dow Jones Industrial Average closed up 19.95 points at 2,821.53, well above its previous high of 2,810.15 on January 2. On Friday, the Dow added 63.07 points to close at 2,801.58. Volume on the New York Stock Exchange was heavy, with 227.7m shares changing hands. On the big board, advancing issues outpaced those declining by 1061 to 527.

The improvement in stock prices was broadly based, with all of the Dow Jones averages posting gains.

Among other market indices, the Standard & Poor's 500 jumped 3.20 points to 356.31, the New York Stock Exchange Composite added 2.18 points to 194.42 and the American Exchange Composite rose 2.49 points to 354.99.

The rally was attributed partly to a rush into stocks by institutional investors who believe that interest rates have now peaked.

In the bond market, interest rates continued to fall yesterday as prices rose. In late trading, the Treasury's benchmark 30-year bond was up ⅔ points at 101⅔, to yield 8.58 per cent.

A number of blue chip issues moved higher at yesterday in active trading.

Philip Morris gained $⅛ to $44⅞, Dupont improved $1⅜ to $40⅝, General Electric rose $⅛ to $68⅝. IBM was unchanged at $114⅛.

Several technology issues also surged yesterday. Digital Equipment climbed $1⅞ to $90½. Compaq Computer gained $1⅞ to $111⅛ and Hewlett-Packard advanced $1⅛ to $48⅜.

W.R. Grace gained $⅜ to $28½. A catalytic converter made by the company's Camet unit is being tested by environmental officials in California. The convertor could help keep gasoline-powered cars on the road.

Among the big three US auto makers, General Motors rose $½ to $47⅞, Chrysler added $⅛ to $17 and Ford gained $1⅛ to $47⅝.

Mylan Laboratories lost $1⅛ to $22¾ after an analyst lowered its estimate of the company's earnings for 1991 to $1.30 a share from $1.83 a share, citing a drop in April sales of the company's Eldepryl drug. Mylan's 1990 earnings were 72 cents a share.

USX rose $1 to $34¼ on reports that an analyst had valued the company at about $50-a-share.

Prime Motor Inns jumped $1⅝ to $12 after Manor Care said it was interested in bidding for two of the company's hotel franchises, Howard Johnson and Ramada. Prime has already agreed in principle to sell a 65 per cent interest in the systems to Blackstone Capital Partners for about $200m in cash and notes.

Stone Container added $1⅛ to $18⅞ on reports that the Pritzker family of Chicago holds a stake of more than 3 per cent in the company.

In over-the-counter trading, MCI Communications added $1⅜ to $40½ in active trading. Sun Microsystems gained $1⅛ to $30½ and Seagate Technology rose $⅞ to $14.

Atlantic Richfield gained $2⅞ to $118¾ after an analyst repeated a "buy" rating.

Canada

TORONTO stocks dropped back in late trading to close lower, ending the market's eight-day winning streak.

Toronto's 300 Composite Index fell 8.48 points to 3526.50, after showing a gain around mid-day of more than 22 points. Declines narrowly beat out advances 312 to 300.

Consumer products was the best performing sector, rising 1.1 per cent on index, largely on the strength of Seagrams, which rose 2¼ to 98¼.

Gold stocks also were lower, dropping 1.2 per cent on index, as the price of spot gold fell 30 cents to $368.55 an ounce in light New York dealings.

EUROPE

International gains discounted in continental melée

THERE was a distinct lack of follow-through on the Continent after gains on Wall Street and in Tokyo. Frankfurt's fall quenched Zurich's rally while selected stocks pulled Amsterdam and Stockholm higher, *writes Our Markets Staff.*

FRANKFURT registered its disquiet at a Lower Saxony election result which reversed the apparent trend after good results for the Christian Democrats in the East German elections.

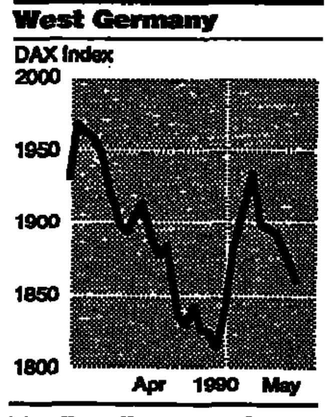
The Bundesbank's average bond yield rose 7 basis points to 8.86 per cent, and equities showed their fifth consecutive decline, the DAX index falling 14.70 to 1,860.33 after a somewhat steeper 10.51 drop to 786.79 in the FAZ at midsession. Volume fell from DM7.2bn to DM6.3bn.

However, last Friday's bloodletting in the senior blue chips was effectively plugged. Deutsche Bank managed to hold firm at DM789.50, and trade in DM1.1bn as traders took advantage of technical possibilities after its rights issue, trading between new shares and old.

Other features included

West Germany

DAX Index



Metallgesellschaft, to be promoted with Preussag into the DAX index in place of Nixdorf and Feldmühle Nobel later this year, but down DM16 yesterday to to DM635. Last Friday's 10 per cent rise in first half profits was disappointing, said anlaysts, particularly after 1988-89 results at the lower end of their expectations.

Elsewhere, Linotype fell DM59 to DM911. News that it was bidding for a Siemens unit, clearly, was much less exciting than the earlier rumour that Siemens was going to bid for Linotype itself.

ZURICH lost its glitter as it worried about Frankfurt's performance, renewed its interest rate fears, and saw profit-taking after last week's strong rally which left the Crédit Suisse index 6.6 lower at 620.8.

STOCKHOLM started the week in confident mood after last week's strength. Domestic institutions continued to buy actively and brokers expected Sweden's army of private investors to follow suit. Strong gains in Asea, on the back of analysts' recommendations, also pushed the market higher. Asea free B shares added SKr35 to SKr785. The weighted Affärsvärlden general index rose 10.4 to 1224.0 in turnover of SKr388m.

Ericsson continued to dominate activity, with SKr60m worth of shares traded, but the free B's were unchanged at SKr1,080. The home appliance group Electrolux, which has issued profits warnings to analysts, rose SKr4 to SKr263.

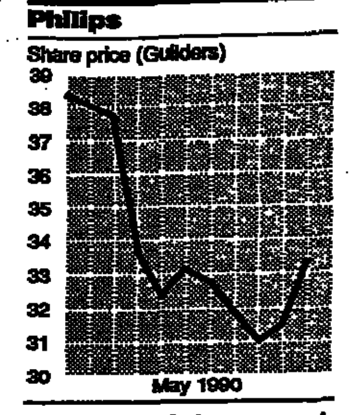
PARIS ended softer in generally featureless trading but came off the day's lows on selective bargain-hunting and Wall Street's gains. The Cac 40 index hit a low of 2,083.30 and a high of 2,098.99 before closing at 2,090.14, down 1.71. Turnover was around FFr2bn, below last week's levels of between FFr2.5bn and FFr3bn.

Among featured stocks, Suez eased FFr1.50 to FFr476.40 before today's announcement of 1989 results – which analysts expect to show a rise of at least 50 per cent, due to improved earnings from its Belgian subsidiary Générale de Belgique. Lafarge, the builder which has lagged behind the market, bucked the trend to close upFFr8.50 at FFr446, with 204,654 shares traded. BSN rose FFr6 to FFr863 on bargain-hunting. Hachette, which fell heavily last week, slipped further to close FFr6.50 lower at FFr430.

AMSTERDAM was cheered by news that Philips' chairman Mr Cor van der Klugt would retire on July 1, one year early, to be replaced by Mr Jan Timmer, the man credited with turning around the company's consumer electronics division. The stock closed FL 1.90 higher at Fl 33.30.

Philips

Share price (Guilders)



Gains on Wall Street and in the UK boosted other multinationals. Unilever rose Fl 4.70 following its first quarter figures while Royal Dutch, due to announce its first quarter results on Thursday, was Fl 3.30 higher at Fl 142.80. The insurance company, Daf, the truckmaker, remained under a cloud and eased 40 cents to Fl 28.90. The CBS Tendency index rose 1.2 to 117.8.

MILAN finished higher in active trading before the May trading account deadline on Wednesday. Monday's expiration of monthly stock options contracts concluded smoothly, with only about 35 per cent of all options exercised. As a result, subsequent sales of the options' underlying shares were taken up easily by the market. The Comit index rose 2.93 to 703.92.

MADRID was encouraged by further signs that inflation was slowing at last. The consumer price index rose 0.2 per cent in April, giving a year-on-year rate of 7.0 per cent, unchanged from March. The index closed 3.48 points higher at 285.69. Brokers reported foreign buying of banking stocks, which ended mostly higher.

OSLO closed near its all-time high, encouraged by gains on overseas markets. The all-share index rose 4.95 to 647.17, below the record of 649.73 set in March. Norsk Hydro rose NKr3 to NKr207.5. The shipping index was up 6.43 to 983.04.

ASIA PACIFIC

Nikkei tops 32,000 for the first time in two months

Tokyo

BUILDING on last week's success, the market recorded another strong gain yesterday with the Nikkei average topping 32,000 for the first time in almost two months, *writes Michiyo Nakamoto in Tokyo.*

The yen's sharp rise against the dollar, continuing strength in the bond market and gains in overseas markets boosted sentiment. The Nikkei, having risen through 31,000 on Friday, closed 530.51 higher at 32,042.65, only slightly below the day's high of 32,071.08.

Share prices maintained a strong uptrend through the day with the 31,541.95 intraday low marked at the opening. Advances outnumbered declines by 761 to 225 with 137 unchanged. Turnover rose from 600m shares to 800m, bouyant for a Monday, the broadly-based Topix index rose 41.35 to 2,390.32 and, in London, the ISE/Nikkei 50 index fell 3.57 to 1,795.42.

Expectations that US interest rates would come down, or at least that they would not rise in the near future, have provided investors with a great excuse to step up their activity in equities. The yen's recent rise has also seemed remarkable in the wake of its extended weakness and has led to a resurgence of confidence in the Japanese economy.

However, there is contrary opinion. "It's a bear market rally," said one analyst, who pointed out that the problems which beset the market at the beginning of the year have not been resolved. The yen and the bond market may have gained strongly recently, but this has been relative to the sluggishness which has characterised both in 1990.

A close look at the sources of buying yesterday might give the more cautious investor cause for concern. Along with arbitrage buying there was considerable buying by brokers on their own account.

Institutional investors, on the other hand, have stepped up their selling. Their porfolios were last valued for accounting purposes at the end of March; as stocks have exceeded those levels, fund managers have been selling them to bring profits to book, even though they may have bought the stocks at higher prices.

Meanwhile, yesterday again favoured companies which depend on domestic demand. Those which are sensitive to interest rates, and thus led the market down, were particularly favoured. Among these were banks, such as Industrial Bank of Japan, which gained Y190 to Y4,370 and Fuji Bank, which rose Y100 to Y2,880. Nomura Securities advanced Y130 to Y2,430.

Big steels and heavy industrials kept their shine. Nippon Steel led the most active issues in 46.2m shares, adding Y18 to Y629. Mitsubishi Heavy Industries was third in volume with 35.2m shares and climbed Y31 to Y1,010. A newspaper report that MHI would once again lead a Japanese group with the largest share of work on Boeing's jet, the B777, confirmed Mitsubishi's strength in the aerospace field.

Osaka maintained its firm uptrend, the OSE average rising 470.69 to 34,517.76 in volume of 76.1m shares, up from 47.9m on Friday.

Roundup

PERFORMANCE in the Pacific Basin yesterday was divided most obviously between markets susceptible to a strong Wall Street and a responsive Japan, and those with problems of their own.

SYDNEY scored its largest one-day rise in more than two years, and broke through the 1,500 level with the All Ordinaries index 32.6, or 2.2 per cent higher at 1,517.2.

Turnover was heavy at 103m shares and A$355m, up from 108m and A$268m on Friday; it was boosted generally by buyers concentrating on leading blue chips and, in particular, bytrade of 17.4m shares worth A$110.3m on National Australia Bank, where Adsteam was believed to be selling large blocks of shares to Japanese and local institutions.

NEW ZEALAND presented a similar picture. The Barclays index rose 35.60 to 1,748.62 and turnover rose from 10.4m shares and NZ$14.8m to 12.8m and NZ$21.5m. Dually-listed shares were lifted by a fall in the New Zealand dollar to 75 Australian cents, from 76 late last week.

SEOUL, however, ignored government measures to boost the economy and the stock market, and the composite index dropped 14.66, or 2 per cent to 734.42. This is its fifth successive fall, bringing it down 7 per cent since last Wednesday and 19 per cent since the beginning of this year.

Volume was thin at 8m shares and 132bn won. Fears of unrest were prevalent, in anticipation of the tenth anniversary this Friday of the revolt against the military in the southwestern city of Kwangju, which cost some 200 lives in 1980.

TAIWAN also dropped for the fifth consecutive session, on weakness in the important financial sector. The weighted index shed 13.84 to 8,361.18, its lowest closing level since December 12. Volume was 776m shares and NT$63bn, the latter its lowest this year, against 765m and NT$65bn on Saturday.

Elsewhere, HONG KONG saw Wall Street-inspired gains eroded by mixed political news from China, and the Hang Seng index closed 15.98 higher at 2,976.44; SINGAPORE faced afternoon profit-taking and the Straits Times industrial index closed only 3.80 higher at 1,536.07; and JAKARTA fell 12,70 to 630.61.

SOUTH AFRICA

GOLD shares were mixed after Friday's losses. The rest of the market also lacked direction. The all-gold index rose 4 to 1,786 while the overall index gained 8 to 3,199. Vaal Reefs put on R4 to R333 and De Beers rose R1.15 to R98.65.

Hopes for lower rates lift equities

MARKETS IN PERSPECTIVE

	% change in local currency †				% change sterling †	% change in US $ †
	1 Week	4 Weeks	1 Year	Start of 1990	Start of 1990	Start of 1990
Austria	-0.11	-9.00	+79.88	+37.43	+36.44	+42.27
Belgium	+0.60	-0.27	-3.35	-6.64	-5.70	-1.67
Denmark	+0.28	-2.17	+16.54	-2.03	-0.89	+3.36
Finland	+0.10	-3.54	-18.12	-3.24	-3.48	+0.65
France	-0.57	-0.47	+22.78	+2.83	+3.49	+7.92
W. Germany	-0.85	-1.16	+38.27	+6.76	+6.22	+10.77
Ireland	+0.19	-7.36	+5.24	-6.36	-5.17	-1.12
Italy	-0.11	-0.67	+11.95	-0.45	+0.62	+4.93
Netherlands	-0.23	-2.60	+1.39	-6.41	-6.42	-2.42
Norway	+6.02	+4.30	+23.84	+18.23	+17.19	+22.21
Spain	+2.55	+7.89	-8.47	-6.61	-4.65	-0.56
Sweden	+5.95	+10.23	+19.54	+1.87	+0.82	+5.14
Switzerland	+5.69	+4.38	+15.58	-1.88	+4.04	+8.46
UK	+0.64	-2.30	+0.56	-10.51	-10.51	-6.69
EUROPE	+0.54	-0.79	+10.71	-3.48	-2.96	+1.19
Australia	+1.81	-0.70	+0.79	-9.03	-15.89	-12.29
Hong Kong	+0.91	-0.58	-11.73	+4.87	+0.76	+5.07
Japan	+4.03	+8.16	-11.60	-19.81	-27.56	-24.46
Malaysia	+5.54	-0.41	+20.64	-4.09	-7.87	-3.93
New Zealand	-0.18	-0.02	-6.61	-11.37	-18.10	-14.61
Singapore	+5.31	+2.69	+18.37	+8.09	+6.46	+11.00
Canada	+4.51	-0.70	+0.10	-8.96	-14.18	-10.51
USA	+3.96	+2.10	+13.68	-0.61	-4.69	-0.61
Mexico	+4.19	+11.24	+186.76	+42.84	+30.54	+36.13
South Africa	+2.63	+2.13	+31.22	+8.00	-7.06	-3.08
WORLD INDEX	+3.05	+3.22	+1.93	-9.28	-14.09	-10.41

† Based on May 11th 1990.

By Antonia Sharpe

RELIEF that the US quarterly refunding auction was successful and a growing consensus that the Federal Reserve was unlikely to raise interest rates lifted Wall Street last week. The yen's continued strength and stable bond prices bolstered invester confidence in the Japanese equity market.

The FT-Actuaries World Indices showed rises of 3.96 per cent and 4.03 per cent in local currency terms on Wall Street and Tokyo, which contributed substantially to the 3.05 per cent gain in the World index.

In Europe, Norway produced the largest weekly rise, of 6.02 per cent, thanks to higher oil prices, signs that shipping rates had bottomed out and lower domestic interest rates, says Mr Roddy Bridge at UBS Phillips and Drew.

Sweden advanced 5.95 per cent on the week, fuelled by excellent first quarter results from Ericsson and news that it had broken into the West German telecommunications market. But Mr Bridge fears that all of the good news may now be in the price. Profit warnings from Electrolux, poor economic fundamentals and any bad news from current wage talks could sour market sentiment.

A stronger Swiss franc and expectations of lower domestic interest rates pushed Zurich 5.69 per cent higher as international investors aggressively bought banking, insurance and chemical stocks. Mr Mark Edminston at Goldman Sachs views the rally with some scepticism, since it is anticipating interest rate improvements unlikely before the third or fourth quarters. Furthermore, the strong franc will hurt earnings momentum at the major Swiss multinationals.

Singapore and Malaysia outperformed the rest of Asia, rising 5.31 and 5.54 per cent respectively, inspired by gains in Japan and on Wall Street. Mr Nick Peacock at Citicorp Scrimgeour Vickers International expects caution to dominate both markets for the next week. But the outlook for Singapore and Malaysia remain favourable given the strong economic fundamentals, Mr Peacock writes.

FT-ACTUARIES WORLD INDICES

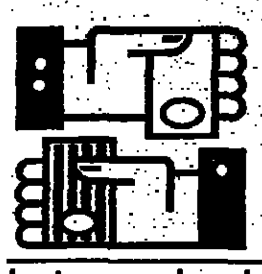
Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	MONDAY MAY 14 1990						FRIDAY MAY 11 1990			DOLLAR INDEX		
Figures in parentheses show number of stocks per grouping	US Dollar Index	Day's Change %	Pound Sterling Index	Local Currency Index	Day's change % local currency	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Local Currency Index	1990 High	1990 Low	Year ago (approx)
Australia (81)	136.20	+2.6	120.09	118.63	+2.3	5.85	132.78	117.07	115.91	158.31	125.85	139.55
Austria (19)	257.79	−0.6	227.30	220.43	+0.3	1.22	259.22	228.56	219.79	285.63	193.15	121.03
Belgium (61)	152.12	+0.0	134.13	127.74	+0.8	4.53	152.10	134.11	126.78	160.02	132.11	130.80
Canada (120)	136.61	+0.3	120.45	116.38	+0.1	3.44	136.19	120.08	116.22	153.61	130.37	137.08
Denmark (34)	249.67	−0.3	220.14	212.91	+0.2	1.56	250.35	220.73	212.38	260.82	236.69	178.27
Finland (26)	136.28	+1.6	120.16	111.38	+1.8	2.46	134.16	118.29	109.43	152.29	129.99	150.33
France (125)	167.19	−0.7	147.42	145.36	−0.2	2.82	168.38	148.46	145.60	168.85	141.69	116.55
West Germany (93)	133.90	−2.3	118.06	114.48	−1.5	1.94	137.04	120.83	116.16	137.71	122.05	82.48
Hong Kong (48)	123.68	+0.5	109.05	123.69	+0.5	5.03	123.07	108.52	123.09	126.90	112.24	140.33
Ireland (17)	181.05	+0.1	159.64	156.61	+0.8	2.80	180.82	159.43	155.31	198.57	172.72	143.72
Italy (96)	103.21	−0.1	91.00	93.22	+0.4	2.54	103.28	91.06	92.81	103.73	91.86	78.14
Japan (454)	151.75	+1.8	133.80	146.52	+1.8	0.56	149.12	131.48	143.88	197.26	124.40	184.87
Malaysia (35)	224.46	+2.0	197.91	232.89	+2.0	2.31	220.04	194.01	228.30	245.32	204.15	163.44
Mexico (13)	452.13	+2.0	398.65	1396.48	+2.3	0.37	443.06	390.65	1367.26	452.13	324.53	183.26
Netherland (43)	142.03	+1.2	125.23	119.76	+2.0	4.71	140.41	123.80	117.46	145.66	130.48	115.34
New Zealand (17)	62.80	+2.0	55.37	58.39	+2.2	7.52	61.56	54.28	57.11	75.36	59.57	71.12
Norway (23)	245.41	+0.5	216.38	212.94	+0.7	1.46	244.23	215.34	211.50	245.90	202.34	182.22
Singapore (25)	199.67	+1.5	176.05	170.18	+1.5	1.93	196.71	173.45	167.71	199.67	179.70	158.64
South Africa (60)	192.42	+1.0	169.66	165.27	+0.6	3.58	190.47	167.94	164.23	251.38	173.80	137.43
Spain (42)	163.50	+0.8	144.16	127.77	+1.2	4.16	162.16	142.97	126.22	165.19	132.84	150.82
Sweden (35)	203.91	+1.0	179.79	181.34	+1.1	2.22	201.92	178.03	179.35	206.95	173.89	155.41
Switzerland (66)	101.40	−0.6	89.41	87.73	−0.6	2.36	102.05	89.98	88.26	102.05	88.75	70.98
United Kingdom (306)	150.39	+1.6	132.60	132.60	+1.6	5.00	148.09	130.57	130.57	164.31	138.87	146.08
USA (537)	143.28	+0.8	126.33	143.28	+0.8	3.40	142.18	125.36	142.18	145.40	130.61	128.73
Europe (986)	144.27	+0.1	127.20	124.61	+0.5	3.60	144.08	127.03	123.88	146.66	135.57	117.18
Nordic (118)	199.24	+0.5	175.67	166.77	+0.8	1.88	198.31	174.85	165.51	201.89	185.01	152.46
Pacific Basin (660)	150.12	+1.8	132.37	144.45	+1.8	0.87	147.52	130.07	141.87	192.75	124.63	181.03
Euro – Pacific (1646)	148.14	+1.1	130.62	136.79	+1.3	1.95	146.51	129.18	135.03	174.18	130.35	155.51
North America (657)	142.78	+0.7	125.89	141.50	+0.7	3.40	141.72	124.96	140.47	145.78	131.02	129.14
Europe Ex. UK (680)	138.54	−0.7	122.15	119.00	−0.1	2.77	139.50	123.00	119.12	139.50	124.81	99.31
Pacific Ex. Japan (206)	129.99	+1.8	114.62	117.60	+1.7	5.17	127.73	112.63	115.68	139.32	122.53	134.84
World Ex. US (1839)	148.36	+1.1	130.81	136.72	+1.3	2.01	146.76	129.40	135.03	173.77	131.30	154.70
World Ex. UK (2070)	144.97	+0.8	127.82	139.46	+1.0	2.23	143.64	126.65	138.02	162.00	130.80	144.22
World Ex. So. Af. (2316)	145.15	+1.0	127.98	138.57	+1.1	2.48	143.73	126.73	137.07	161.84	131.95	144.42
World Ex. Japan (1922)	143.60	+0.6	126.61	134.96	+0.7	3.55	142.81	125.91	134.05	145.52	134.62	125.08
The World Index (2376)	145.43	+1.0	128.23	136.76	+1.1	2.49	144.02	126.98	137.26	162.05	132.25	144.37

Amendments to indices for May 11 applied to the following: Belgium, Ireland, Malaysia and the related regional indices.

SECTION III

FINANCIAL TIMES SURVEY



INSURANCE

IN THIS SURVEY

The 1990s will see the competition pace quicken on almost every front, as a new relationship evolves between banks and insurance societies. Forces for change acting on the European industry may make the situation even more fluid, writes Patrick Cockburn

Change is the only certainty

AT THE start of the 1990s the 4,600 insurance companies in the European Community are under pressure from two directions. The relationship between the insurance industry and other financial services is changing. At the same time, banks and building societies are becoming key distributors of insurance products.

Insurance companies, with the partial exception of the UK and Switzerland, traditionally confined themselves to national markets. But the shift towards a single European market has started a surge in acquisitions, mergers and alliances which is changing the shape of the industry across the Continent.

The single European market in insurance is as much the occasion as the cause of these developments. And there remain sceptics who argue that other national markets will prove extraordinarily difficult to penetrate and banks will find it far more complex to sell insurance than they imagine.

But over the past two years expectations of change have become strong enough to create their own momentum. Even those content with predominance within their own national market suspect that they need to expand abroad, if only to defend their present position.

"We have to be big in Europe to retain our present position in the UK where we earn 70 per cent of our premiums," says Mr Colin Hake, director of the European division of Sun Alliance, the largest UK composite.

Looking at the future of its insurance industry from a slightly broader perspective, the French Government concluded two years ago that it had to deregulate and expand to compete successfully for savings with banks and other financial institutions.

In the long term it is becoming almost conventional wisdom to suggest that the 1990s will see a quickening of corporate competition on almost every front. Smaller and medium-sized companies will establish specialities and niches in the market, with a dozen larger European companies dominating the Continent.

On this reading the dominant forces in European insurance within the next 10 years would include Allianz in West Germany, UAP and Axa-Midi in France, Prudential and Sun Alliance in the UK, Generali in Italy and Zurich Insurance and Winterthur in Switzerland.

Yet although it is easy to enumerate the forces favouring corporate concentration, the mechanism by which it will be achieved is more illusive. Clearly the irregular pattern of deregulation, of which 1992 is part, will lead to a greater increase in the supply of insurance than in demand.

Competition is bound to intensify but winners and losers may be slow to emerge. This is partly because the market for both life and non-life insurance is expanding fast. In the mature markets of northern Europe life business has been growing two or three times as fast as GDP. Smaller companies may lose market share but still remain profitable.

In Britain, for instance, small mutuals, short on capital and distribution, should be among the first casualties in any concentration of the industry. But the boom in mortgage endowment in 1988 and personal pensions in 1989 made the minnows of the insurance industry less vulnerable than appeared likely in the aftermath of the Financial Services Act.

A similar increase in overall demand may ease the problems of smaller companies across Europe. Even in a mature market like West Germany real growth rates for life business are expected to be 5 to 10 per cent a year up to 1995 and 5 per cent in non-life business. In the less well insured markets of France, Italy, Spain, Portugal and Greece the annual growth in life business may continue to exceed 20 per cent.

Demographics and economic trends both favour insurance. As Europeans live longer, a higher proportion are looking for insurance. They are also richer, so there are more houses and cars of higher value looking for insurance. In the UK, for instance, the number of households with central heating increased from 37 per cent in 1972 to 75 per cent today.

But in the longer term smaller companies are bound to be squeezed. In the UK, for instance, the election of a Labour Government more hostile to private pensions in 1992, without any compensating business from a resurgence in the housing market, would put intense pressure on some insurers. Almost inevitably, they would look for larger partners.

That crunch has yet to come. For the moment the cost of buying an insurance company is high almost anywhere in Europe. According to Mr Tony Brend, chief executive of Commercial Union, the difficulty in getting value for money "has caused us to turn down several high-priced acquisitions and to concentrate instead on the organic growth of our existing widespread network. Should suitable companies become available at an acceptable price, however, we should not hesitate to acquire them."

The problem for US and UK companies looking for a European strategy, says Mr Michael Butt, chief executive of Eagle Star, is that "continental companies are prepared to see a dilution of earnings per share" in a way that American and British companies are not.

They may be well out of it. The forces for change acting on the European insurance industry in every market are sufficient in number to make the situation extremely fluid – and likely to become more so. This makes it difficult to devise an effective strategy based on acquisitions, mergers or alliances. Across-border efficiencies of scale are of dubious value. Life and personal lines (motor and household) insurance have to be handled locally and commercial companies looking for a range of international carriers can find them through brokers.

The problem is that the publicity surrounding 1992 has made the internationalisation of European insurance *à la mode* two or three years before the changes become a reality. This means that fear of being left behind is forcing companies to take decisions and spend money earlier than they would like and before there is sufficient information about the future shape of the industry.

Behind the fear of being left behind lies a concern about distribution networks being snapped up by competitors. Speaking of the UK, Mr Chris Pountain of Morgan Stanley says: "The key development in the life assurance industry is that the neat, historic distinctions between manufacturer (the life companies) and distributor are breaking down. A process is in train which will culminate in the market being dominated by groups which can boast control of distribution, capital and expertise in 'manufacturing' life assurance."

In the new balance of power between insurance companies, banks and building societies, the insurers may be in a weak position because their expertise can be replicated in the way that distribution outlets cannot.

As a result, there has been a rush to form links as the number of independent intermediaries diminishes. But many of the ties may prove impermanent. In the aftermath of the Financial Services Act, says Mr Butt, "the greatest danger in the scramble is to do too much." The relative effectiveness of different methods of distribution is only gradually becoming clear.

But in the new relationship between banks and insurance societies, the most potent threat to traditional life assurance comes from purpose-built structures combining the strengths of banks and insurance companies. Mr Michael Hepher, chairman of Lloyds Abbey Life, says his salesmen with access to the so-called warm customer base of Lloyds Bank are four times as productive as those without.

For non-life business the 1990s also promises more intense competition. An unprecedented series of disasters which hit the US property/casualty market in 1989 (Hurricane Hugo, San Francisco earthquake and the Philips Petroleum petrochemical plant explosion) did not take enough capacity out of the market to speed up the end of the present down-cycle. Similarly in Britain it is still too early to see the impact of the storms in January and February on premiums.

But in the UK, as in the rest of Europe, the capacity of the market and intensified competition must mean prolonged pressure on prices. Personal lines will be affected by direct sales by telephone and mail. Large commercial risks are already insured on an international basis, but margins may be squeezed as brokers offer medium-sized companies a wider choice of carriers.

Underwriting losses by non-life companies in the late 1980s were more than compensated for by the sharp increase in asset values over the decade. In both the US and the UK the performance of equity and property markets was in sharp contrast to the depression in asset values in the 1970s.

Overall, the belief that the insurance industry is entering a decade of fundamental and irreversible change is surely correct. Scepticism about the radicalism of these developments stems largely from the way in which perceptions of this change – thanks to the publicity attendant on the European single market – have preceded reality. Faced with the uncertainties ahead, insurance companies may look back on the certainties of the 1980s as a stable and prosperous golden age.

Jean Peyrelevade, chairman of UAP, the French insurance company

Ashley Ashwood

Patrick Cockburn on the likely effect of the single European market

The less fit may go to the wall

"I AM not a predator," Mr Jean Peyrelevade, chairman of UAP, the largest French insurer, told journalists soon after flying into London last February and at intervals later in the day he reiterated his non-predatory intentions to a sceptical audience of institutional investors.

The interest in Mr Peyrelevade's plans is not surprising. The European insurance market is changing. National companies are looking to expand by acquisition, merger or alliance. Insurers are looking for new methods of distribution through banks and building societies.

But while there is agreement that the industry is changing there is very little consensus about the shape of European insurance is likely to take by the end of the decade. Will the top 10 companies such as Allianz of West Germany, Generali of Italy, Zurich and Winterthur of Switzerland, UAP and Axa-Midi of France and Prudential and Sun Alliance of the UK establish dominance over the market?

If UAP is the exemplar, then there will be a rapid concentration among the European Community's 4,600 insurance companies. Since 1986 it has taken a 25 per cent stake in Sun Life, the UK life company, 34 per cent of Groupe Victoire in France and 31 per cent of Royal Belge, the second largest Belgian insurer. Among European companies it has been the most single-minded in its pursuit of European market share.

Yet the extent of real change in European insurance still provokes scepticism among some insurers. These doubts centre on the degree to which the European Commission will really succeed in introducing a single market in insurance.

Regulatory obstacles will continue past 1992 with West Germany, the largest market in the EC, still unenthusiastic about reducing state direction of the industry.

Furthermore, some 70 per cent of premiums paid by West Europeans are for life and personal insurance such as motor and household. These lines are traditionally sold through a network of agents. In West Germany alone some 43,000 agents work for Allianz. Without such distribution in place, cross-border selling of this type of insurance is almost impossible.

Increased competition in the 1990s is more likely for medium-scale commercial risks, particularly as brokers offer clients competing products and prices from other parts of the Community.

But although it is easy enough to prove that a single market in insurance is unlikely in the 1990s, scepticism can be carried too far. The forces for change are extremely powerful.

In the first place, the European insurance market is worth some £160bn a year in terms of net premium income. Therefore the market does not have to change very much to produce large revenues for individual companies. In other words, it is not necessary to suggest that the cartel-like organisation of German life companies will entirely break down to conclude that small but valuable niches may open up in the German life market.

A further key impulse for change in European insurance is not only that the market is large but that it is growing fast, above all in life insurance. In the mature markets of UK, Netherlands and West Germany life business is growing two or three times as fast as GDP. In the less developed Mediterranean markets of Italy, Spain, Portugal and Greece the increase is 10 times that of GDP.

Efficiencies of scale may be limited or even non-existent but some major European insurers – notably in France – have evidently decided this is the moment to go for size and to pay high prices for doing so. The collapse of Axa-Midi's bid for the Los Angeles-based Farmers Group means that it has $5.5bn free for other acquisitions.

Axa has already suggested, however, that these purchases are likely to be in the US where prices may be more attractive than in Europe. Within the Community there remains a shortage of companies to buy and there are still inhibitions about hostile bids. The most obvious targets are UK composite or life companies but, despite stock market expectations at the turn of the year, no such bid actually occurred.

Not everybody is so well placed to dilute earnings per share by paying steep prices. UK and US insurers have been able to make only limited purchases, primarily of smaller companies in southern Europe. Other companies feel inhibited by the fear that they may spend heavily buying a distribution system elsewhere in Europe only to find that the development of alternative methods of distribution has devalued their investment.

Distribution through banks and building societies is a new enough development for its limitations to be unclear. Simple life and some non-life products can clearly be sold through branch offices of other financial institutions. Equally threatening for life companies are custom-built companies such as that set up by Lloyds Abbey Life, where the life policy salesmen have access to the so-called warm customer base of Lloyds Bank. According to Lloyds Abbey Life, this access to the bank's 6m customers multiplies the effectiveness of its salesforce by a factor of five.

In non-life business, direct sales via the telephone and mail are also likely to bite into margins and the market share of some traditional suppliers.

These new methods of distribution are still at an early stage but, whatever their limitations, the quickening of competition must inevitably affect prices. This in turn is bound to hit smaller insurance companies without a secure market niche in which they are less vulnerable to competition. And so, the shift towards a European insurance industry concentrated in fewer hands is likely to be accompanied by increased price competition, winnowing out the less financially fit.

LLOYD'S

The problems in perspective

DOES LLOYD'S face problems because it is an archaic and outmoded institution or because the type of property/casualty insurance in which it specialises is at the bottom of a down-cycle?

Both of these views have their merits. Even with overall capacity of £11.1bn, the small size of the 410 syndicates makes it difficult for them to compete against large commercial insurance companies. "We are too fragmented. We cannot punch our weight," says Mr Murray Lawrence, chairman of Lloyd's.

There is not much Lloyd's can do about this. Ever since brokers were forced by the Lloyd's Act to sell their managing agencies, all the players in the market have been hampered by lack of scale. Managing agents, members' agents and the syndicates themselves all have difficulty marketing their products and modernising the way they do business.

This may ultimately mean that the 1990s will see the market increasingly dominated by a few big agencies such as Sturge and Merrett. "I see no more than 100-150 agencies operating in Lloyd's by the end of the 1990s," says Mr David Coleridge, chairman of Sturge, the largest managing agency. That would be less than half the current number.

But even so, it would leave the units which make up Lloyd's smaller than the commercial competition. Slightly larger managing agencies will still not have the money to invest heavily in finding new markets in western or eastern Europe any more than their somewhat smaller predecessors. The real key here remains the relationship between the brokers and the Lloyd's market.

The weakness of the dollar, in which much of the business is denominated, against sterling

More immediately, however, the main problem for Lloyd's has less to do with the institutional shortcomings of the market than the low premiums flowing into it since 1987. Every sector has been affected, with the worst impact being felt by aviation underwriters. The dollar, in which much of Lloyd's business is denominated, has been weak against sterling.

Official figures show the decline in overseas earnings since the peak year of 1986. At that time total overall earnings of UK insurers were £4.9bn, of which the commercial companies made £2.53bn, Lloyd's £1.65bn and brokers £711m. By 1988, however, the last year for which figures are available, the total was down to £3.77bn and Lloyd's share to £995m.

The Institute of London Underwriters, which groups some of the larger commercial companies, says that a series of spectacular disasters last year means that it paid out £500m more in claims than it took in premiums. Lloyd's has presumably suffered a similar scale of loss.

The hope among underwriters is that Hurricane Hugo, the Philips Petroleum petrochemical plant explosion and the UK and continental storms will finally force up reinsurance rates. There are signs of this happening in marine reinsurance, as a long-term consequence of Piper Alpha, but non-marine reinsurance is still very depressed.

Underwriters hope that Hurricane Hugo will finally force up reinsurance rates

None of these problems is unique to Lloyd's. But it is the coincidence of very low prices for insurance with the continuing consequences of scandals and asbestos losses which occurred in the early 1980s that has made the market particularly gloomy.

The scandals remain important because they did lasting damage which continues to influence public perception of Lloyd's at home and abroad. When HS Weavers, the largest underwriting agency for US liability insurance in the London market, stopped writing new business at the end of March, there was a tendency in the US to assume that it must be somehow linked to Lloyd's, with which it had no direct connection.

Past scandals have also given added impact to the Outhwaite affair. This originated in 31 contracts from other syndicates which RHM Outhwaite reinsured in 1981-82. Risks insured included so-called long tail policies covering asbestos and pollution claims in the US, all of which produced heavy losses for "names".

These may never total the £1bn figure sometimes quoted but so far the 1,600 members of the afflicted syndicate have paid out some £85m. By last December they had sued RHM Outhwaite and 81 members' agents who introduced them to him for negligence. Their ultimate aim is either to spread losses through the market by making the underwriters pay up for errors and omissions or, alternatively, to force Lloyd's to provide some solution to the problem.

This they are unlikely to do. Unlike the PCW affair, Outhwaite does not involve fraud. Even supposing the Council of Lloyd's wanted the market as a whole to bear the losses, it is unlikely that it would get majority support for that option.

Indeed, a problem for Lloyd's is that, despite all the new regulations, there is a limit to the amount it can do. Mr Alan Lord, the chief executive, makes the point that a business strategy requires a series of planned and sequential steps. Given that Lloyd's consists of 410 small businesses, this is almost impossible for the executive to pursue.

Regulations have been tightened up. It is now more difficult for managing agents to leave an accounting year open on the grounds that potential claims cannot be estimated. Members are better informed about the business done by the syndicates to which they belong. Against some resistance, market barriers between the marine, non-marine, aviation and motor sectors are being abolished.

Brokers provide 85 per cent of business but service companies are becoming more popular as a way of making contact with customers. Improved information systems should make it easier for provincial brokers to place risks without going through their head office to reach Lloyd's.

Lloyd's also has to sell itself harder to its members, the number of which dropped by 2,321 to 28,386 last year. Most of these were names with a small commitment. Overall capacity went up, so the defections have no impact on the resources of the market. Syndicates are in any case using only 60 per cent of their capacity.

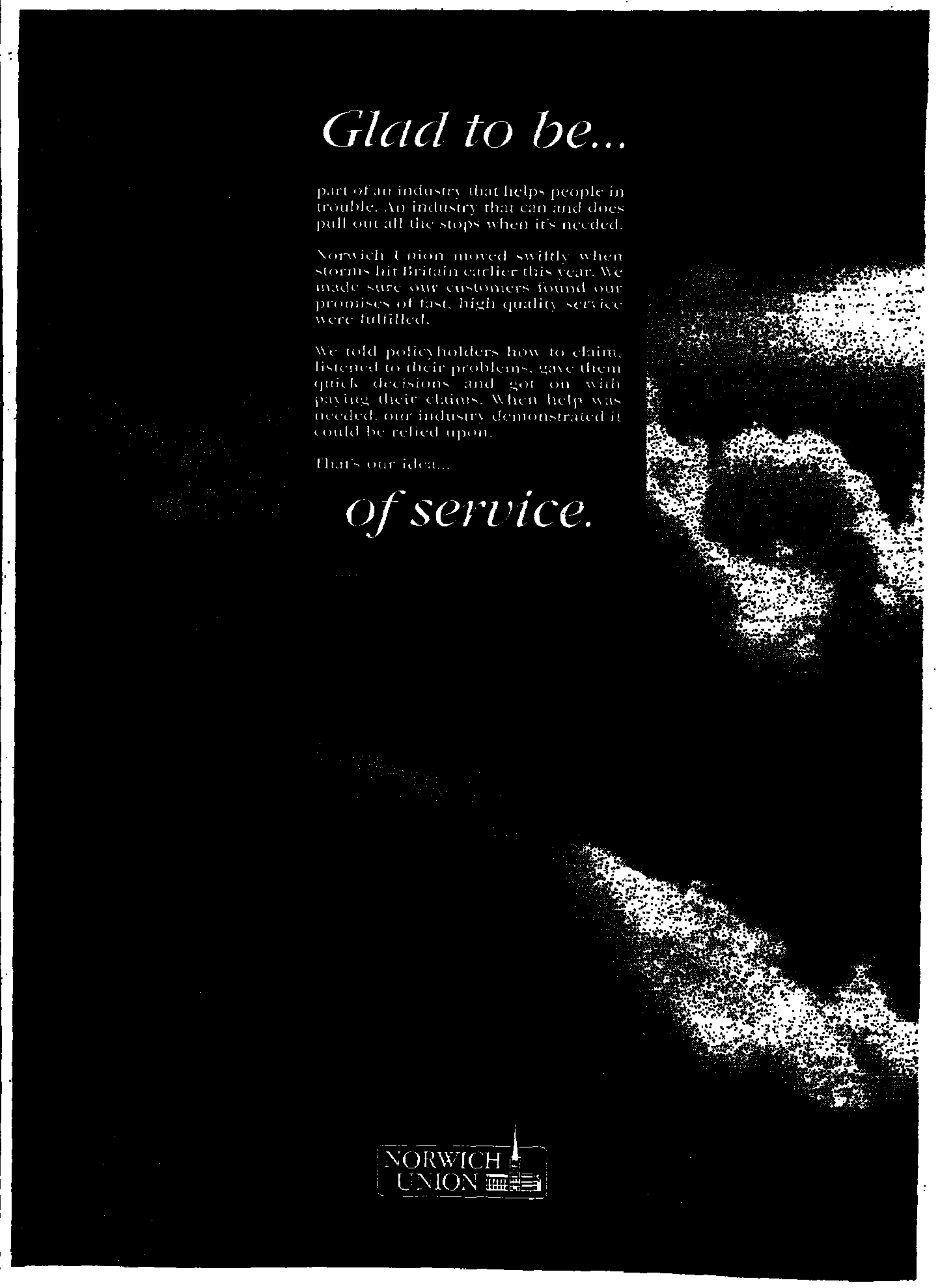
Though more members may be needed, nobody knows how many would like to leave

More important, membership of Lloyd's no longer has its old fiscal incentive as a way of reducing tax liability. The advantage to members today is that of using money twice, in the sense of using their assets and at the same time pledging them as part of Lloyd's capacity.

But in the longer term Lloyd's might need more members to take advantage of an upturn in insurance rates and here it could be in difficulties. Some 50 per cent of members are locked into Lloyd's because they belong to open years when their syndicate could not close its account. Nobody knows how many would like to leave the market.

Overall, the problems of Lloyd's are not as bad as they look or, to put it another way, they are no worse than many commercial companies with heavy involvement in the US property/casualty market. They are, however, very much more visible because of the Lloyd's name and the scandals of the early 1980s – but there is not very much that anybody at Lloyd's can do about this.

Patrick Cockburn



Where life insurers can afford to be optimistic

Savings give Italy scope for growth

ITALY'S LEADING COMPANIES in Lbn (1988)	Premium income*	Net profit	Net worth	Reserves
Generali	3,339	340	2,698	10,007
RAS	1,864	61	1,151	3,687
SAI	1,635	88	836	2,809
INA	1,626	93	1,193	8,805
Assitalia	1,426	33	542	1,574
Unipol	880	44	290	1,230
Lloyd Adriatico	814	36	222	1,107
Toro	768	69	584	1,387
Fondiaria	754	103	591	1,259
Alleanza	753	75	408	1,696

*Total direct Italian premium income. Source: Il Mondo

"LIFE INSURANCE in Italy has large possibilities for growth," affirms Mr Enrico Tonelli, chairman of Associazione Nazionale fra le Imprese Assicuratrici (Ania), the national association of insurance companies.

Figures for annual premium income from direct work in the Italian market show that opportunities are already starting to be exploited. Between 1984 and last year, premiums from life and endowment policies rose by nearly 270 per cent. Though there has been a slowdown in annual rates of growth, from nearly 40 per cent in 1986 and 1987 to 26 per cent in 1988 and 15 per cent last year, several factors support expectations that growth will be strong.

"The Italian's high propensity to save, his growing awareness of insurance, the tendency to use savings instruments managed by professional specialists and the parallel qualitative improvement in the products offered by insurance companies are factors that together give plausibility to a scenario of buoyant development for the life sector in the 1990s," says Mr Tonelli.

If the life sector grows as he expects, a better balance would be achieved in relation to other risks. In spite of the growth recorded in life and endowment business during the second half of the 1980s, last year this represented only 24.5 per cent of total direct Italian premiums. Other risks still dominate, particularly obligatory third party automobile insurance which alone generates one-third of total premium income.

Unbalanced in terms of division of business between different sectors, the Italian market is also geographically lopsided. Per capita expenditure on insurance in the Lombardy region of northern Italy is more than four times greater than in the peninsula's Calabrian toe. Lombardy and Calabria represent the extremes, but overall northerners spend about three times as much on insurance as southerners.

Low demand for insurance in the south is partly a reflection of unequal distribution of business activity and a significantly lower per capita GDP. But it is also a question of cultural differences, with consumer awareness of the value and benefits of insurance cover being considerably lower in the *mezzogiorno* than in the north.

Together with the unbalanced portfolio structure and the generally low level of insurance in Italy, this geographical factor helps to explain foreign insurers' interest in the Italian market. "Foreigners have increased their presence both directly through representatives and indirectly through the acquisition of local companies," says Mr Tonelli. Non-Italians now hold more than 30 per cent of the market.

During the past three years 25 foreign insurance companies have entered the Italian market or boosted their presence. Of these seven were French, six were Swiss and six British. Of the total of 248 companies authorised to operate in Italy by the regulatory body ISVAP at the end of last year, 56 were foreign.

Italian insurance is feeling the effects of an internationalisation process. "For Italian companies, with the exception of those few that have operated internationally for some time, the single internal European market will mean leaving the relatively protected environment in which they were born and have developed," says Mr Tonelli.

Ania's chairman emphasises that international competition will not be limited to companies that choose to venture abroad. "Even those companies that opt to conserve and defend their positions on the domestic market will face international competition," he says. He believes that they will adopt strategies based on niches, specialisation, service improvement and agent fidelity to protect their markets.

The Government will be given power to block acquisitions

Mr Tonelli does not see any barriers, either juridical or economic, to the entry of foreign insurers, particularly if they are from EC countries. "However, parliament is in the course of approving legislation that will give the Government power to block the acquisition of Italian companies by foreigners, where these are from countries that do not give parity of treatment to similar operations by Italian companies."

Ania's chairman says that freedom of establishment and freedom of operation are certainly not problems for EC companies, and that home country control is not a matter of contention. And on the issue of separating life and non-life business, Ania has backed the multi-risk approach that allows companies to operate in all sectors. "If Italian insurers have to demerge their businesses we would seek legislation that would remove the fiscal burden that would arise," Mr Tonelli says.

However, convincing the politicians to ease taxes affecting the insurance sector is difficult. "Taxpayers may only deduct L2.5m of life and pension insurance premiums on their annual income tax returns, a figure unchanged since the mid-1980s. The Government's financing requirements prevent an increase in this allowance," says Mr Tonelli. He notes that Italy is unique in its 2.5 per cent tax on premiums.

Obtaining agreement to legislation for the insurance sector is far from easy as the difficulties over private pension schemes have shown. "Various bills have been prepared but have been blocked by lack of consensus, creating a damaging situation of uncertainty."

Lombardy spends four times as much as Calabria per capita

Mr Tonelli would also like to see more certainty about the diversified distribution channels for insurance. "After years of separation between banks and insurance, the gap is gradually being closed. There have been some operations in which institutions have taken equity stakes in companies of the other sector. And forms of co-operation at a functional level, using bank branch networks to distribute insurance policies are being developed," says Mr Tonelli. However, the process moves slowly because of normative constraints.

Will the pace increase? Probably EC changes and the process of internationalisation will encourage faster development in Italy. In the past six years direct premium income has risen sharply, with a real increase of 53.6 per cent from L14,268bn in 1984 to L29,550bn last year, lifting the ratio of insurance to GDP from 1.96 to 2.5 per cent. But Italy is still under-insured compared to other major industrialised countries. The considerable scope for growth should continue being realised during the coming decade.

David Lane

THE ITALIAN MARKET: life and non-life (%)	
Generali Group	14.23
INA Group (state)	11.62
Public bodies	4.70
Co-operatives and mutuals	10.13
Other private companies	2.52
Foreign companies	29.80
Foreign representatives	4.10
Industrial/financial companies	22.90

Source: Ania/ISVAP

Diana Smith takes a look at the opportunities in the Spanish market

No Klondike — but prospects are quite good

FROM afar, Spain's insurance market seems to offer unlimited opportunities. The country has a largely young, upwardly mobile population of nearly 40m people whose assets and potential as insurance customers are increasing.

From a distance, the market seems dramatically under-explored, as rich potentially as a latter-day Klondike for companies that until 1986 and its entry into the European Community scarcely thought of Spain as a market.

Seen in close-up, Spain is definitely under-insured — but no Klondike. Since 1986 several hasty prospectors have discovered that the stakes for which they paid exorbitant sums are big losers.

Insurers who have operated in Spain for generations confirm that the Spanish market affords buoyant prospects in almost every segment — life, pension and retirement plans, health, commercial and domestic multi-risk, large, medium or small industrial risk and transport. France's AGF, insurance pioneers in Spain in 1820, now controls a Spanish group that constantly expands its products and sold Pta 32.9bn (£183m) of premiums in 1988.

The black spot is vehicle insurance, plagued by soaring claims, repair and health costs and steep court awards for victims that have begun to push into the $1m bracket. Consequently, 1989 losses in this segment exceeded Pta 175bn: companies like AGF or the Swiss Winterthur shield themselves from the fall-out from the mayhem on Spanish roads by careful sifting of drivers' records or pioneer bonus schemes.

As a market, says Mr Pierre Pierart, managing director of AGF Seguros, Spain yields fruit through patient, sustained cultivation; growth and profits are certainly there for Spanish, EC or non-European insurers, whether old-timers or newcomers — but in the medium rather than the short term.

There are hurdles: not least the Spaniards' tendency to spend and not to save what they earn. It is a slow process coaxing them to think about multi-risk, life or retirement insurance as a way of protecting their assets and their futures rather than as a get-rich-quick tax dodge like the enormous boom in the single premium short-term life insurance — the "Primas Unicas" — that caused a stampede in 1985-88 by black money in search of tax havens.

When the authorities decided that the Primas Unicas were being used as alternatives to tax-liable short-term bank deposits, they imposed a 20 per cent withholding tax, backdated, on the policies, and ruthlessly pursued institutions and customers who had run up Pta 1.5 trillion (£8.33bn) worth of Prima Unica holdings.

In the view of leading insurance brokers such as Mr Miguel Prieto, head of Cotes brokerage and secretary-general of the Spanish Brokers' Association, the Prima Unica phenomenon wildly distorted the image of a far less spectacular real expansion of Spanish life insurance.

Mr Prieto argues that premiums total of some Pta 400bn raised unrealistic hopes of rapid profits among newly-arrived European companies. The latter, having reviewed market studies that appeared to indicate a spectacular 30-40 per cent annual growth of life premiums, rushed into Spain hoping to grab a share in the bonanza.

In reality, says Mr Prieto, solid, sustained growth lies in insufficiently-covered areas such as industry and commerce, where barely 50 per cent of Spain's hundreds of thousands of small-medium enterprises have any insurance coverage at all, and those who do have coverage are under-insured in multi-risks.

Larger enterprises have traditionally bought more premiums but this is so, at least in part, because the enterprises are often controlled by Spain's powerful network of banks which in turn own the country's biggest insurance companies. The system functioned until the chill winds of EC competition began to whistle in the mid-1980s on a sort of closed circuit: bank-tied factories bought insurance from bank-tied companies and banks' annual reports reflected ever-growing insurance business.

Thus, it would be true to say that over the years, Spain's insurance market has not been so much under-explored as a whole but explored after a fashion by some 500 companies, Spanish or foreign, nine-tenths of which were short on assets, technique, management and range of products, and sold premiums rather than a service.

Ruthless official weeding in 1984-85, under the first blasts of market liberalisation, put nearly 100 companies into liquidation. Others were acquired by eager foreigners who were so keen to get into the Spanish market that they were willing to pay five-star prices for a one or two-star outfit. Of the 400 companies left — far too many in the view of most analysts — fewer than 50 control over two-thirds of Spain's insurance business.

European insurers who were sweet-talked into buying a shaky Spanish company have not as a whole found it easy to break the tight grip on the profitable end of the life and non-life market that is exerted longer-established Spanish or European or American insurers.

The turnaround of some unhealthy purchases, racked by losses and years of touch-and-go management, has not been nearly as fast as Swiss or British insurers with long experience in their home markets or in less-quirky international markets, expected. Methods applied successfully outside Spain have not always worked and claims that sizeable market shares could be captured within a couple of years have proved somewhat hollow for a half-dozen or so newcomers.

Their competitors, rather than say: "We told you so," are busily designing new products aimed at the rising young professional who, surveys now show, has begun to think a personal retirement plan will be good for his future cash flow, or a household multi-risk plus services policy is just what he and his family need.

Spain's two year old Pension Plan law is slowly paying off for insurers as companies that had never before considered offering employees a pension scheme, start to join the European mainstream where pensions are a routine part of wage/fringe benefits — and insurance companies are picking up lucrative pension plan design contracts.

The message is that Spain is good for insurers who have the financial and technical reserves, the products and means of marketing them and the insight into the peculiarities of the market that permit them to find clientele and keep them. The latter point is an important one for as yet there is no such thing as client loyalty to one company — insurers depend heavily on local agents who mostly lack proper professional preparation.

Those who want to dip into the Spanish market are well advised to walk, doing careful homework as they advance, rather than to run to the nearest entrance. The fact that only 2 per cent of Spain's income goes towards insurance compared with 4 per cent in France and 8 per cent in the US may look alluring but it will only be meaningful with the fullness of time.

Chris Pountain casts a critical eye on the fortunes of the UK brokers

They're not out of the woods yet

THE GOOD news first. 1989 was a year of improvement for the leading UK brokers. Sedgwick's profits rose from £77.9m to £85.2m, the first year to see an increase since 1986. After two years of falling profits, Willis Faber saw an increase from £54.4m to £62.3m.

These turn-rounds are encouraging. Nevertheless, they arose mainly from external factors, namely weak sterling and high interest rates. Sedgwick, for instance, gained £5m from each of these factors, while Willis Faber enjoyed a £9m improvement in investment income.

Margins continue to decline in the basic business of insurance broking, despite very creditable expense control. Sedgwick's underlying brokerage growth (stripping out the impact of exchange rate movements) was around 1 per cent whereas underlying expense growth was 3 per cent. With Willis Faber, the numbers were 4 per cent and 6 per cent respectively.

Every few months, brokers' shares rally on hopes that much happier days are around the corner. But the industry is not out of the woods yet.

No Early Upturn

In recent months, hopes have centred on an improvement in premium rating, and consequently, commission levels, in brokers' key markets, following catastrophes such as Hurricane Hugo and the storms in the Atlantic.

These catastrophes have led to severe capacity shortages, and thus rate increases, in London market catastrophe covers. The hope is that the under-capacity in this particular market will swamp the over-capacity present in virtually all other insurance markets. But that may not happen.

It is sometimes forgotten how small the LMX catastrophe market is in world terms. Total premium income in this market for property risks could be below $2bn. To expect under-capacity in this market to turn around an over-capitalised $200bn market such as the US seems unrealistic, especially as the end-1989 solvency margin (shareholders' funds divided by premium income) of the US industry was the highest since 1965, thanks mainly to strong stock markets. Tails that small do not wag dogs that large.

Perhaps instead we should ask: "To what extent will the over-capacity in most other markets bail out the under-capacity in this relatively small market?" The answer is unclear, although a pointer has been the willingness of various players in the industry to make good any capacity shortages in the US liability market caused by the recent problems at Weavers.

The world reinsurance industry has plenty of capacity to take catastrophe business from London — the end-1989 solvency margin of the US reinsurance industry was an extraordinarily high 112 per cent. Given that, for instance, the top five US reinsurers deal direct with their clients, rather than through brokers, such a development may well be unwelcome to brokers.

Certainly, Sedgwick does not appear to expect long-lasting recovery as the following quote from the chairman's statement in its 1989 annual report shows:

"Our own view at Sedgwick is that the nature of the cycle has changed since the 1970s and before. The 'soft' market is the normal condition and the 'hard' market the exception. These conditions have intensified the competition between brokers for available business with inevitable consequences on profit margins."

The message that these difficult days are going to be the norm raises the question of whether there is an insurance cycle at all any more. In the last 12 years, the US property-casualty business has had nine down-years and three up-years, measured by combined ratio. That does not sound like a cyclical industry — it sounds like a bad business.

Client Power

Meanwhile the customer is also seeking more vigorously to cut his costs.

The resultant use of self-insurance type mechanisms (*eg* captives and risk retention groups) is now well-established in the US and is spreading across the Atlantic.

The expert, usually large, broker should be well-positioned to assist the risk manager in this. Mr Sax Riley, an executive director of Sedgwick, recently wrote that 10 years ago 90 per cent of a broker's time was concerned with the transfer of risk. Now the figure is around 33 per cent. Much of the offsetting development has been the growth of self-insurance type mechanisms.

The trouble is that such business will be less profitable than traditional broking. It tends to be on a fee basis and, just as the risk manager is avoiding buying insurance because of the cost, so he will be concerned about the level of his fees.

Theoretically, the fee system should help guarantee a certain level of profit for the broker as he should know his own costs, and just add a little on for profit margin. In reality, brokers do not always have an accurate feel for their own costs and it is always better to reduce your fee rather than have staff sit around, doing nothing. Competition on fee between brokers is thus becoming more of a feature.

And the risk manager himself is questioning whether he needs the help of the brokers. Last year, the chief executive of Airmic, the UK risk managers' association, described some risk managers as "well-qualified, properly regulated and very familiar with the industries which they represent — much more so than an outside broker could be." He added that having intermediaries between insured and insurer could hamper each party's understanding of the other's position.

London Market Doubts

Meanwhile, underwriters are themselves questioning the relationship with brokers. That is particularly noticeable in Lloyd's where historically the underwriter was most subservient to the broker and the brokers enjoyed their highest profit margins. There is a tension between the two groupings these days: the Lloyd's syndicates are looking for new ways of gaining business (through computer links or going out to get it themselves) while the large brokers are reducing the percentage of their business they place in Lloyd's.

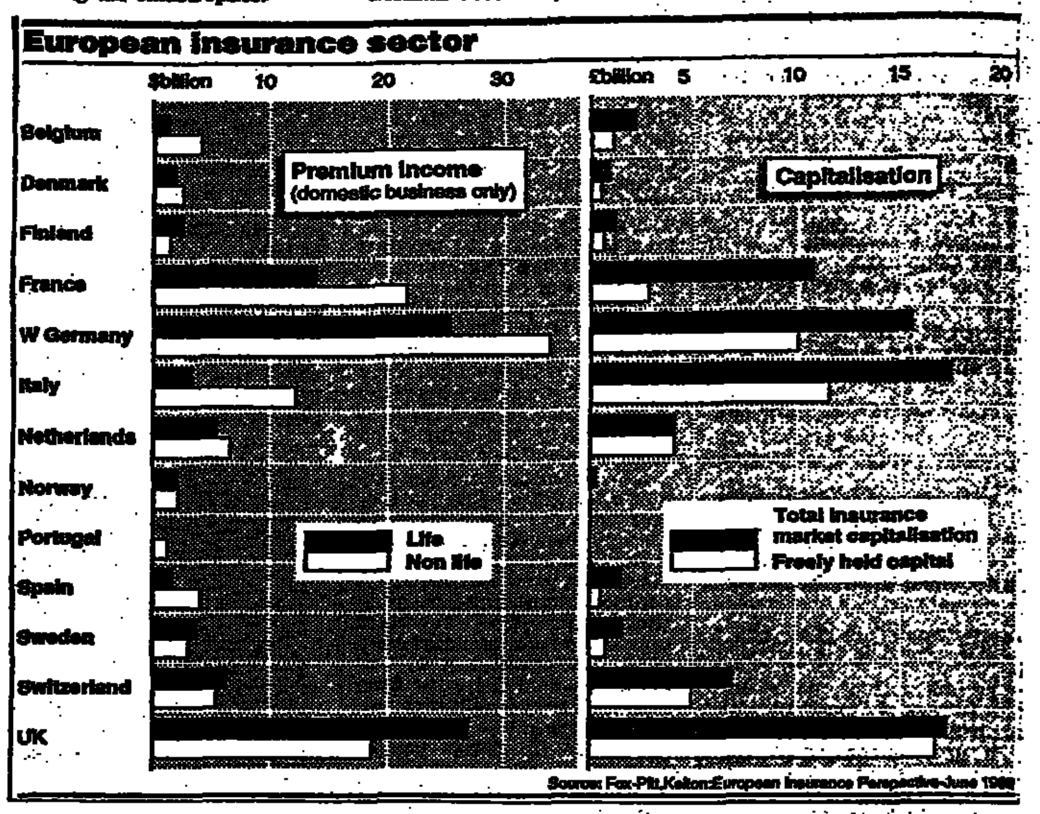
Meanwhile, the image of Lloyd's has not been helped by the much-publicised wrangling among names and syndicates over who pays long-standing US liability claims, and the LMX market dislocation following the catastrophes.

Europe is the brokers' major target area for growth. As the market for commercial lines open up across national boundaries, so the potential for brokers should expand. The large corporate company on the Continent is going to need advisers to help him best place his insurance outside his own country and to provide him with more advanced expertise on risk services. The big multi-national brokers should have those skills and are thus getting into place on the Continent. Probably the major development in the last 12 months has been the Marsh & McLennan acquisition of its German associate, Gradmann & Holler.

But developments will be slow — the established insurers on the Continent will not give ground easily and have the client contacts to fight the broker threat. Continental Europe still provided just 7 per cent of 1989 turnover at Sedgwick, and the turnover of £41.3m was not dramatically ahead of 1989's £35.4m.

Gloom can be over-done. It is not that there is no future for brokers; quite the reverse. Clients will still need the skills that the more expert brokers can offer and there will still be many underwriters who view brokers as the best way to distribute their products. The problem is that the profit margins of the industry may well stay less than in former halcyon days, and may not support as many brokers as formerly.

The writer is UK insurance analyst at Morgan Stanley International.



Andrew Dlugolecki explains the upsurge in weather claims

Running before the storm

OVER THE past 20 years there has been a dramatic increase in the cost of weather catastrophes to UK insurers. At £1.2bn, the October 1987 hurricane cost twice as much as all the major incidents since 1960 combined. Its cost was only surpassed by the £2.5bn in claims on insurers as a result of the twin storms of January and February 1990.

Other weather losses have also escalated. The 1987 freeze was the most costly since insurance records began, and the cost of subsidence claims arising from the dry summer of 1989 may well reach those from the Great Drought of 1976.

Some commentators suggest that this upsurge in weather claims is due to a genuine shift in climate as a result of the so-called greenhouse effect. My own analysis of recent weather patterns reaches rather different conclusions. It suggests that temperature and rainfall, peculiarly equable in the 1960s and 1970s, have now returned to more normal conditions, in which serious incidents are more common.

Data on wind speeds is not so reliable, but Professor Hubert Lamb, the doyen of climatologists, maintains that there is a 100-year cycle of storms which hits the last decade of each century.

Given that there has been a move towards more extremes in the UK climate over the past 30 years, is this sufficient to explain the greater costs now hitting insurers? And what can we say about how those costs will behave in future?

Comparison of the costs of major and minor weather incidents over the last 30 years suggests that over this period the same set of weather conditions now produces twice the previous level of loss.

Broadly speaking, there are three reasons for this: increasing exposure, evolution of the insurance product itself, and changes in the way the policyholders use the product.

Exposure, or physical risk, has increased due to population growth and greater consumer wealth. These factors are generally thought to be favourable for the insurer, since consumer expenditure on insurance tends to rise faster than GNP. (Real growth also helps to abate price competition).

But consumer wealth naturally produces a shift in the type of goods being insured, and in the associated lifestyle.

Perhaps the best example of this relates to domestic plumbing. The proportion of households with central heating rose from 37 per cent in 1972 to 75 per cent today. The cost of the installation adds relatively little to the value of the typical house — under 5 per cent — and so produces only a small additional amount of premium. But the length of pipes carrying water internally is extended by several hundred per cent.

If we then add another bathroom, furnish the house with fitted carpets rather than linoleum and rugs, and at the same time switch to a lifestyle where the home is frequently unoccupied in winter, then obviously the risk of costly water damage will increase by more than the premium.

While individual changes in exposure may be found by on-the-spot surveys, this is relatively rare for domestic insurance owing to the high cost of home visits. The general trend over time was overlooked, because at first the business was profitable, and then later the problems of theft claims predominated.

The clearest example of a product change in the insurance product producing more claims was the introduction of subsidence cover for domestic buildings in 1971, without an adjustment to premium. Retribution soon followed with the dry summers of 1975 and 1976.

Other developments leading to higher claims include the spread of "new for old" replacement cover, which largely ended the reduction of claim settlements by depreciation as with pure indemnity cover. Again, the change was introduced quickly under competitive pressure, and again we are still learning to strike the balance between premium and risk.

Perhaps the most insidious change has come in the way that the product is used by the policyholder. The advent of "All Risks" cover changed his perception of claiming. From being a rare event, following an Act of God, claims could now be made for (almost) any occasion of bad luck or carelessness. At the same time, consumers are more aware of their rights, and more prepared to make claims.

For their part, insurers have encouraged this trend by the introduction of "plain English" policy wording, and easier procedures for claiming, like telephone helplines, as part of their strategy to develop brand loyalty. As a result, it is almost impossible to know whether a spurious claim was made innocently, or just to see if a maintenance item can be met by the insurance policy. And of course the best time to try to put a dodgy claim through is when the claims department is up to its ears in a deluge of weather claims!

If this is the shape of things to come, can insurers make money out of underwriting? From the point of view of the insurers changes are needed which maintain customer relations while encouraging responsible claiming and getting right that vital equation between premium and outgoings. Measures might include a range of household policies which offer cheaper rates for reduced cover, and a no claims bonus to reward careful policyholders. On the commercial front, small weather claims can be eliminated by using increased deductibles, from £100 to £250 per claim, which will remove the administration of nuisance claims.

Pricing the product is more difficult. Clearly, customers need to pay more, and reinsurance rates have already risen 33 per cent this year, but 1992 and high interest rates are exerting powerful pressure on insurers to concentrate on market share. There is a growing call for the Government to allow UK insurers the same tax-free catastrophe reserves as foreign competitors, although pessimists comment that there will be no need to smooth results in future, because there will be a disaster every year!

The writer is a commercial insurance manager at General Accident.

LIFE ASSURANCE

Shock waves hit the UK

THE UK life assurance industry is still coming to grips with the full implications of the 1986 Financial Services Act and the rules and regulations that have emerged from it.

But already the impact of this legislation, enacted ostensibly to protect consumers, has resulted in major upheavals within the industry affecting almost all aspects of operation.

The first shock wave to hit the industry was the introduction of the polarisation requirement whereby an intermediary marketing life assurance products must either be completely independent and deal with the *whole market, or be the representative* of just one life company.

This was accompanied by two other shock waves:

■ *The requirement that* an intermediary give best advice, which for independent advisers meant dealing with the whole market and recommending the best, not just dealing with a few selected companies, and

■ The requirement that independent advisers disclose to their clients the commission received as a result of a sale.

Finally, the whole industry was hit hard by the costs of complying with the financial services regulations – costs which were proportionately heavy for the smaller intermediary.

These waves brought about several reactions, many of which were interlinked.

Intermediaries who previously considered themselves independent had to decide which status to adopt – independent or company representative. Many opted to cease being independent and become a tied agent of a particular life company.

In turn, life companies, especially those not in the top flight for investment performance, which previously marketed mainly through independent advisers, had to expand their distribution outlets to secure their new business.

Midland Bank ascertained quite early in the upheavals *that the public, in general, was* completely apathetic over who it dealt with – independents or company representatives.

Those building societies which started off as independent advisers switched, in the course of time, to becoming company representatives.

But Midland Bank also set the trend by setting up its own *life company* – Midland Life – and its branch staff became representatives of its in-house life company.

Banks and building societies may dominate the life industry

Other clearing banks – Barclays *and Lloyds – have had* their own in-house life companies for some time, starting the operations from scratch under their own steam.

Midland, however, went into partnership with an established insurance company, Commercial Union, to form its life company, with Midland holding the majority of the equity.

Commercial Union supplies the administration and product expertise, while Midland provides the distribution and investment.

This development has been followed by the Royal Bank of Scotland and certain building societies, including the Woolwich and National & Provincial, having taken the decision to cease being independent, *further decided* to go all the way and set up their life companies with established life companies as junior partners.

Britannia Building Society was *unique in that it managed* to acquire an existing mutual *life company, the Glasgow*-based FS Assurance.

Experience has shown that it takes time to build up from scratch the necessary administration systems and product expertise necessary to run a life company.

These partnerships enable *the new life company to use* the product know-how of the established life company – initially, the products launched are clones of those contracts in the product range of the established life company.

And usually, the administration of the new life company is handle on the existing systems of the established company.

This contrasts with the action taken by most building societies to become the representatives of a *existing* life company where technically the life company is responsible for the marketing by the building society of its products and of *the staff involved.*

Already, it appears that such ties are causing friction and there could be an reappraisal of the situation by societies.

Some insurance analysts argue that these developments may be the start of the process whereby the life assurance industry in the next century will be dominated by the banks and building societies, though these institutions will probably have become indistinguishable by then.

Certainly, once the managers of the in-house life company have acquired the experience of running the company, banks and building societies are likely to consider buying out the life company partner and have sole control over the in-house company.

A further pointer to the way the UK life assurance industry is likely to move came with the tie-up between the life assurance and other financial services *operations of Lloyds* Bank and Abbey Life to form a *conglomerate, Lloyds Abbey* Life.

Some major life assurance groups could still react to this development by themselves acquiring a deposit-taking and lending operation.

The giant Prudential Corporation makes no secret of the *fact that it would* like to take over a building society and has already had preliminary, though unfruitful, talks with one.

This year's Budget, which was favourable for banks and building societies but had little for life companies, could act as a catalyst in the thinking of life company executives.

Analysts already feel that there are too many life companies operating in the UK. In particular, there are too many small companies that do not seem able to grow beyond their current size relative to the market.

There is already a need for mergers and amalgamations of small and medium companies.

The entry of even more life companies into this field with established distribution networks could get these mergers started.

In theory, these life companies offer attractive opportunities for overseas insurance groups and other financial conglomerates to enter the UK financial services market and from there into Europe.

Although there has been some takeover activity by overseas groups, with European institutions to the fore, only small companies are up for sale at high prices.

However, the outlook for the life assurance industry over the next couple of years is one *of rising costs and falling* new business.

Eric Short

Eric Short looks at a significant business for UK firms

Clouds over pensions spree

CURRENTLY OVER half the new business transacted by life companies operating in the UK is pensions business.

For some life companies, it can represent as much as 85 per cent of their business.

The radical changes in the UK pensions framework introduced by the Government in 1988 created very favourable conditions for life companies to expand their pensions business. Generally, life companies and intermediaries have taken *advantage of these conditions.*

The first and most significant of these changes was the introduction of a new-style personal pension for employees not in a company pension scheme and the ability of employees to use a personal pension to opt out of Serps (State Earnings-Related Pension Scheme).

Employees who were not already in a contracted-out pension arrangement were given additional encouragement to opt out of Serps by the Government paying additional incentive contributions into a contracted-out personal pension.

Life companies and intermediaries seized on this latter feature last year to mass-market personal pensions to contract out of Serps, spearheaded by *blanket TV and media* advertising.

The result was that nearly 4m personal pension contracts were sold, of which well over 3m *were used to contract out of* Serps.

The rebate-only personal pension contracts used to opt out of Serps proved to be ideal contracts for the agents of home service insurance to market to their clients.

The unique feature of these contracts is that the employee does not have to put down any money. The rebate comes out of his National Insurance contributions. In addition, if he is not contracted out of Serps, then the employee receives an additional incentive contribution from the Government.

So, as a result, Prudential has sold over 225,000 contracts, the Co-operative Insurance Society 131,000 and the Britannic Assurance around 100,000, for which the company received a marketing award.

It is a moot point as to whether as much personal pen*sions* business would have been transacted had not the house mortgage market been depressed at the time.

As it was, intermediaries have the time to push personal pensions business to replace the lost mortgage-related life business.

But this year, the push for personal pensions business ahead of the end of the 1989-90 financial year has been in a much lower key.

Life companies so arranged their contracted-out personal pensions contracts so that these were automatically renewed unless the employee concerned, or his adviser, informed the life company otherwise.

This has left companies and intermediaries with more time to build on last year's success and market top-up personal pensions to those employees who took out only contracted-out personal pensions last year.

In addition, last year's suc*cess in personal pensions* gave life companies a 3m-person data base of employees who are not in a company pension scheme and who are open to marketing for personal pensions.

Figures issued recently by the Association of British Insurers show that the personal pensions boom still has a lot of steam left in it.

New annual premiums in the first quarter of this year were 6 per cent up on the first quarter of last year, while single premiums had more than doubled.

These figures confirm the reports from individual life *companies which show that in* general companies have at least held on to last year's growth, despite indifferent investment returns so far this year.

However, this rosy picture is disturbed by two clouds – one overhead and the other on the horizon.

The employee does not need to put *down any money*

The worsening economic scene with high mortgage rates could well result in employees cutting back on their pension contributions or deciding not to enter any pension commitments in order to meet the mortgage bill.

The central theme of the Government's pension reforms was freedom of pension choice for individuals.

So unlike company schemes, where the contributions paid by the employee represent involuntary savings on his behalf, freedom of choice with personal pensions means freedom not to do anything.

Behind the more distant cloud is the Labour Party, which has always been overtly uneasy towards the concept of personal pensions and downright hostile towards using personal pensions to contract out of Serps.

If Labour wins the next election, then it intends to restore Serps to its former glory and make it virtually impossible for employees to use personal pensions to contract out of Serps. Incentive payments will stop the moment Labour gets elected.

However, 3m employees are a lot of voters.

So Labour has gone back on its initial proposals that employees who contract out of Serps through a personal pension should be forced back into the scheme.

Now it proposes that they can continue to remain contracted out of Serps. Instead, it hopes to be able to convince employees that the restored Serps offers better value than personal pensions.

The Labour proposals even envisage bringing the self-employed into Serps – a move that would hit an important sector of the personal pensions market.

However, previous attempts to provide state pensions for the self-employed other than the basic flat-rate pension have failed to get off the ground.

Until the Labour Party publishes more detailed proposals about its pension plans, it is impossible to judge whether there is a viable method of bringing the self-employed into Serps.

Meanwhile, the self-employed will still need to make their own pension provision through personal pensions, thereby providing life companies with a vital and profitable source of personal pensions business.

The Government's reforms *also ended* the life companies' monopoly in providing personal pensions. Now banks, building societies and unit trust groups can market at least the savings element of personal *pensions.*

To date, very few of the institutions have taken advantage of this new facility. Those which did market personal pensions have found the build-up rather slow.

Eric Short on the opportunities for UK mutuals

Test is yet to come

MUTUAL COMPANIES, where there are no equity shareholders, are an important sector of the UK insurance industry, particularly in life assurance.

The upheavals in *the* whole financial services industry and the rapidly changing environment in both the UK and Europe are having dramatic repercussions on insurance companies, but even more so on the mutual companies.

The new environment has resulted in growing competition both between life companies and from outside institutions. It also offers ever-widening opportunities for expansion and new opportunities.

But to fight off competition and take advantage of these opportunities requires adequate capital resources, and the capital backing of companies will need to expand over the next decade.

Mutual insurance companies have no other source of capital other than what can be generated internally from their own resources. There is no other financial institution or equity shareholders to meet the growing capital demands.

In the US, conditions have brought about a steady stream of demutualisations of mutual life companies; invariably the demutualised company has been immediately acquired by an outside financial institution. Rarely, if ever, has the mutual been able to convert into a publicly-quoted company.

However, with some notable exceptions, UK mutual companies do not seem to have reached the point when they either have to demutualise or go under.

Most mutual companies were founded centuries ago – Equitable Life was founded in 1762 and Scottish Widows is celebrating its 175th year this year.

During this period, many mutuals have grown sufficiently to become major UK life companies.

Decades of prudent actuarial management in an era of rather gentle competition has resulted in very large free reserves being accumulated.

These reserves are now standing these mutuals in good stead in these times of testing conditions.

This feature was *highlighted* by one of the exceptions mentioned above – the Glasgow-based FS Assurance which last year demutualised and was *immediately* acquired by the Britannia Building Society.

FS had operated as a mutual life company for less than 30 years, having converted from being a friendly society.

With funds at the time of around £200m, it was very small by life company standards and did not have the resources to compete under current conditions.

But one can argue that the real test for mutuals has yet to come.

Up to now, they have been operating under boom marketing conditions with expanding new business.

The decline in mortgage-related business as a result of the depressed housing market has been offset by the boom in pensions business, *particularly personal pensions.*

The increasing financial strain brought about by increasing competition and the requirements of the financial services regulations have been met from the front-end loadings in the new business premiums.

For some companies, it has papered over the cracks that were appearing.

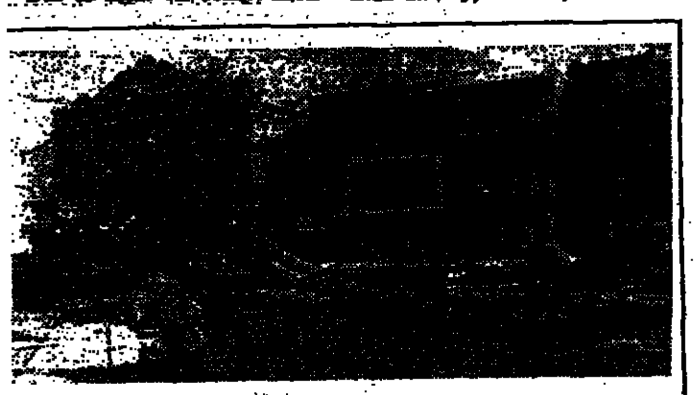
However, many life companies executives are bracing *themselves for* a drop in new business premiums while costs continue to spiral upwards.

Under such conditions, companies are tempted to try to maintain market share by increasing commission payments and hold on to competitive bonus rates by raiding the reserves.

The consequences of poor expense control and maintaining unjustified bonus rates where highlighted by the problems of the mutual life company, United Kingdom Provident Institution.

Its problems became so *severe that it had to* be rescued by another institution – another mutual life company,

Continued on Page 6



Hurricane Hugo – a 1989 disaster for the US property/casualty market, as well as for this Pointe-à-Pitre, Guadelope, resident

Tom Bennett takes a longer-term view of the composite sector

How the US cycle influences the UK

NEVER HAS the UK composite sector had such a bad first quarter as that which is now being reported. Heavy storm losses have come on top of rating structures weakened by competition to produce pre-tax losses. These losses may be unprecedented but they are almost insignificant when compared with damage done to balance sheets by falling equity and bond markets.

However, these difficulties are far from permanent. Markets recover and insurance premium rates sooner or later reflect loss costs. Thus a long-term view of the UK composite sector throws an interesting light on modern professional management.

These companies are trading in a profit cycle that last time ran 10 years from peak in 1978 to peak in 1988. Although their chief executives rarely have more than 10 years in office, corporate development activity is frequently based on economic prospects for the coming decades. Against this background of long-term cycles and longer-term planning, modern professional investors find that they have to answer to trustees on the basis of quarterly performance measurement.

Thus we see General Accident pilloried for NZI Bank losses, but little appreciation of the long-term benefit of its acquisition of 10 per cent plus market share in seven Pacific Basin newly industrialised countries. We see Guardian Royal Exchange's tie-up with the largest private sector bank in Italy, Europe's fastest growing insurance market, described as a negative development. Similarly GRE's dramatic link with Nationwide Anglia had no effect on its price.

The market can be more forgiving about catastrophe losses. The impact of reinsurance cover and the beneficial impact on subsequent rating are appreciated. Thus Hurricane Hugo, costing four times more dollars than any previous hurricane, initiated a strong run in share prices on both sides of the Atlantic. The hope was that the losses would turn the cycle of competition in the US.

Hurricane Hugo initiated a strong run in share prices

In fact, these hopes proved to be ill-founded and, despite the California earthquake, the present cycle of competition remains severe outside those areas most directly hit by catastrophe losses.

The US insurance cycle has been detectable for as long as records exist. Since 1970 it has intensified, swinging the entire US property-casualty insurance industry from underwriting profits to pre-tax losses in 1984 and 1985. The impact of this cycle on the international world of insurance was felt outside the US. Canada suffers directly, along with the important London insurance market.

The US insurance cycle has therefore been the prime determinant of the rating of the UK composite insurers. The chart shows two aspects of the cycle. Firstly, it shows premium growth for the industry adjusted for inflation and changes in the real economy, as such this is a passable approximation of premium rate changes in the US. Secondly, it shows the industry underwriting result measured as a percentage of premium income. The intensity of the cycle can be gauged from the fact that investment income typically averages about 15 per cent of premium income.

Views about the cause and likely course of the US cycle abound. The sober assessment of Mr David Rowland, chairman of Sedgwick, is that intense price competition is the natural condition of the US insurance industry. This view has the advantage of agreeing with the underlying economic reality. AM Best reports that the US industry had capital of \$134bn at the end of 1989. This represents a solvency margin of 66 per cent – far too much capital in a mature market to sell commodity products to professional buyers.

It is hardly surprising to find that US premium growth in 1989 was just 2.1 per cent, almost 8 per cent below the level required to maintain underwriting profitability.

This type of intense competition is frequently seen in financial markets; the price war in London stockbroking is one example, the commission war in UK life insurance yet another. Its function is to reduce excess supply, its effect is to sort the weak from the strong. It does not bode well for the UK composites. In 1989, a 10 per cent underwriting loss still left the US industry with after-tax profits of \$19.5bn (including \$8.5bn of unrealised investment gains). This represented a capital return of 16.5 per cent.

Barring major catastrophes, hopes of an early amelioration of this competition seem unlikely.

If insurance earnings remain under pressure, then shareholders will have to look somewhere other than profit and loss accounts for their return. They will look to balance sheets. This is not an irrelevant consideration. UK insurers are almost unique in excluding investment gains from profit and loss accounts but in 1989 capital appreciation produced £2.78bn of profit for the composites. In contrast, stated pre-tax profits were just £890m.

Balance sheet strength has three roles. It supports the underlying insurance business, it underwrites progressive dividend policies and it acts as a reference point for bid rumours. It is not surprising that UK fund managers prefer to see strong balance sheets.

A predeliction for balance sheet strength has greater logic than is immediately obvious. There is the simple point that high solvency margins allow insurers greater freedom to invest for maximum return. In most years this produces greater investment returns and has led to a virtuous spiral of great strength generating even greater strength.

There is another aspect of balance sheet strength to be kept in mind by those seeking relative performance. This is shown in the table. This compares dividend cost with income generated by each of these composites from their holdings in equities and property together with their life profits. These earnings have two things in common, they grow year in, year out, and, provided the rest of the business is not losing money they can be regarded as wholly distributable.

The discount rating implies the market expects damage

The table demonstrates the support this type of income gives to dividend payments. In the extreme case of Sun Alliance this financial engine guarantees dividend growth almost 2 per cent per annum faster than its income stream. This above-average growth lasts indefinitely, even in the improbable event that Sun Alliance's £2.5bn non-life insurance business never makes a profit.

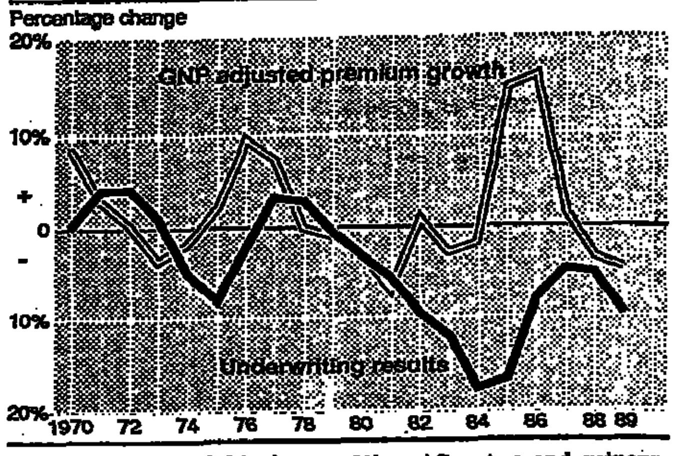
Less comfortable are the positions of Royal Insurance and General Accident. Royal, in particular, still carries the highest direct exposure to the US market, and now its solvency margin is approaching old rights issue levels. Of course its fortunes would be transformed by a turn in the US cycle combined with improved investment conditions. In the long term this seems inevitable but shorter term all is uncertainty. The question for Royal and the rest of the sector is how much damage will be done before it is clear that the turn has arrived.

The discount rating of the sector implies that the market expects damage and that this damage will be considerable. Take the extreme case of Sun Alliance which yields about 20 per cent more than the market prospectively. That implies an expected permanent diminution in dividend cover of some £70m, which in turn implies a capital cost well in excess of £1bn. After tax and reinsurance, that is the equivalent of 18 October Hurricanes, with no offsetting profits.

Of course, it is just possible that the market expects no such thing. It may be that the market just gives unnatural weight to short-term factors. If so, this obviously can have nothing to do with trustees that rely on quarterly performance measurement, and those trustees obviously bear no responsibility when UK companies with open share registers are subject to bids from foreigners with different longer-term valuation criteria. And different accounting policies.

The writer is an insurance analyst at Paribas Capital Markets Group

US underwriting results and premium growth



ESTIMATED COMPOSITE INSURERS' INVESTMENT INCOME MIX IN 1989

	Commercial Union (£m)	General Accident (£m)	GRE (£m)	Royal (£m)	Sun Alliance (£m)
Total Interest	254.7	324.6	246.4	477.3	215.8
Equity dividends	44.9	100.4	54.4	54.0	85.6
Property rents	19.2	37.7	21.8	19.7	57.2
TOTAL (ex interest paid)	318.8	462.7	322.6	551.0	358.7
PERPETUAL DIVIDEND COVER					
Life profits	62.0	26.9	29.2	61.0	40.5
Dividends & rental income	64.1	138.1	76.2	73.6	142.8
Total (less tax at 25%)	94.6	123.8	79.0	101.0	137.5
Net dividend cost	(91.5)	(106.5)	(98.4)	(123.0)	(99.0)
PERPETUAL DIVIDEND COVER	103.4%	116.2%	80.3%	82.1%	138.9%
YIELD RELATIVE TO FTA	132%	140%	147%	157%	120%

Mutuals: test is yet to come

Continued from Page 5
Friends' Provident. But we could easily have seen the first demutualisation and acquisition well before FS Assurance did this.

London Life provided another example of what can happen to a company that fails to control its expenses. Though the company took corrective action in cutting its bonus rates to stop the haemorrhage of reserves, the company was left too weak to compete in a market where only the strong can survive.

To the outsider, it appears only too obvious that the smaller mutuals, at least, ought to merge to form larger, stronger units.

But apparently, no mutual has considered such a course of action.

Any such merger would mean a rationalisation of operations, branch closures and staff redundancies – too painful a process to contemplate when conditions still look favourable.

Yet, merger of mutuals may not be a viable proposition when trouble hits the industry.

It takes time to organise a merger, if it is to be successful and time to resolve matters is not usually available when trouble strikes. Demutualisation and takeover may be the only answer, or alternatively it could mean closing the company to new business and running off the existing business.

Executives at the mutuals freely admit that they are still considering at length their future course of actions.

Some of the smaller and medium-sized mutuals, such as National Mutual Life and National Provident Institution, have decided to be niche players rather than endeavour to compete with the larger life companies by offering a complete range of products.

Both these companies intend to concentrate on pensions business mainly for individuals (self-employed and executives), marketing solely through independent financial advisers and concentrating on the upper end of the market, rather than the mass market.

Such a market is, they believe, stable, with high contributions and lower unit costs. By ensuring a high level of service and good investment returns, the companies feel that they can not only attract new business, but retain their existing business.

For the time being, at least, they have eschewed following up any of the opportunities presented by the single financial market in Europe in 1992. They are leaving such developments to the larger companies.

At the other end of the scale, although technically the Halifax Building Society is a tied agent of Standard Life, the link-up is developing, with a joint unit trust company, into what appears to be a merger, in all but name, between a mutual banking operation and a mutual life assurance company.

This could be the pattern for the future.